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MONTANA LEGISLATIVE HISTORY

Chapter 717 19____

Bill H 947 S_____ Original bill & history ____C

H. Committee on Appropriations		S. Committee on Finance & Claims	
Hearing Date(s) 4-4	____C	Hearing Date(s) 4-20	____C
_____	____C	_____	____C
_____	____C	_____	____C
_____	____C	_____	____C
Date Out 4-4	____C		
mt 4-5		mt 4-20	

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

HOUSE FINAL STATUS

3/23	INTRODUCED	
3/23	REFERRED TO STATE ADMINISTRATION	
3/25	FISCAL NOTE REQUESTED	
3/26	HEARING	
3/26	COMMITTEE REPORT-BILL PASS AS AMENDED	
3/29	FISCAL NOTE RECEIVED	
3/30	2ND READING PASS AS AMENDED	63 35
4/01	3RD READING PASS	67 33
	TRANSMITTED TO SENATE	
4/03	REFERRED TO RULES	
4/09	HEARING	
4/15	REREFERRED TO STATE ADMINISTRATION	
4/17	HEARING	
4/17	ON MOTION RULES SUSPENDED	
	PLACED ON 3RD READING 85TH DAY	
4/18	COMMITTEE REPORT-BILL CONCURRED	
4/18	STATEMENT OF INTENT ATTACHED	
4/19	2ND READING CONCURRED	36 14
4/19	3RD READING CONCURRED	34 15
	RETURNED TO HOUSE WITH AMENDMENTS	
4/23	2ND READING AMENDMENTS CONCURRED	74 25
4/23	3RD READING AMENDMENTS CONCURRED	74 24
5/01	SIGNED BY SPEAKER	
5/01	SIGNED BY PRESIDENT	
	CHAPTER NUMBER 669 EFFECTIVE DATE: 1/1/87	
	ON ELECTORATE APPROVAL	

HB 946 INTRODUCED BY GRADY, FULLER, DONALDSON, ET AL.
REQUIRING DEPT OF ADMIN. TO ADOPT PAY SCHEDULES FOR CERTAIN INSTIT. TEACHERS

3/23	INTRODUCED	
3/23	REFERRED TO APPROPRIATIONS	
3/28	HEARING	
	DIED IN COMMITTEE	

HB 947 INTRODUCED BY BARDANOUVE, THOFT, ET AL.
WATER DEVELOPMENT PROGRAM: PROJECT APPROPRIATIONS BY REQUEST OF DEPT. OF NATURAL RESOURCES

3/25	INTRODUCED	
3/25	REFERRED TO APPROPRIATIONS	
4/04	HEARING	
4/05	COMMITTEE REPORT-BILL PASS AS AMENDED	
4/05	ON MOTION RULES SUSPENDED	
	PLACED ON 2ND READING THIS DAY	
4/05	2ND READING PASS AS AMENDED	82 11
4/05	ON MOTION RULES SUSPENDED	
	PLACED ON 3RD READING THIS DAY	
4/05	3RD READING PASS	84 10
	TRANSMITTED TO SENATE	
4/09	REFERRED TO FINANCE & CLAIMS	
4/17	ON MOTION RULES SUSPENDED	
	PLACED ON 3RD READING 88TH DAY	
4/19	HEARING	
4/20	COMM REPORT-BILL CONCURRED AS AMENDED	
4/23	2ND READING CONCURRED	48 1

HOUSE FINAL STATUS

4/23	ON MOTION RETURNED TO 2ND READING		
4/23	2ND READING CONCURRED AS AMENDED	49	0
4/23	3RD READING CONCURRED	45	3
	RETURNED TO HOUSE WITH AMENDMENTS		
4/24	2ND READING AMENDMENTS CONCURRED	97	1
4/24	3RD READING AMENDMENTS CONCURRED	88	5
5/01	SIGNED BY SPEAKER		
5/01	SIGNED BY PRESIDENT		
5/02	TRANSMITTED TO GOVERNOR		
5/10	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 717 EFFECTIVE DATE: 5/10/85		

HB 948 INTRODUCED BY FRITZ
IMPOSE FRANCHISE TAX ON FINANCIAL INSTITUTIONS

3/26	INTRODUCED		
3/26	REFERRED TO TAXATION		
3/28	FISCAL NOTE REQUESTED		
3/29	HEARING		
3/29	FISCAL NOTE RECEIVED		
	DIED IN COMMITTEE		

HB 949 INTRODUCED BY MARKS
APPROPRIATING COAL BOARD MONEY TO THE FOUNDATION PROGRAM

3/27	INTRODUCED		
3/27	REFERRED TO APPROPRIATIONS		
3/31	HEARING		
4/01	COMMITTEE REPORT-BILL DO PASS		
4/01	2ND READING PASS	88	10
4/01	3RD READING PASS	98	2
	TRANSMITTED TO SENATE		
4/03	REFERRED TO FINANCE & CLAIMS		
4/11	HEARING		
4/17	ON MOTION RULES SUSPENDED PLACED ON 3RD READING 88TH DAY		
4/19	COMMITTEE REPORT-BILL CONCURRED		
4/23	2ND READING CONCURRED AS AMENDED	35	10
4/23	3RD READING CONCURRED	40	8
	RETURNED TO HOUSE WITH AMENDMENTS		
4/24	2ND READING AMENDMENTS CONCURRED	64	31
4/24	3RD READING AMENDMENTS CONCURRED	61	32
5/01	SIGNED BY SPEAKER		
5/01	SIGNED BY PRESIDENT		
5/02	TRANSMITTED TO GOVERNOR		
5/13	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 733 EFFECTIVE DATE: 5/13/85		

HB 950 INTRODUCED BY JANET MOORE, SWIFT
CHANGE GRANITE AND MISSOULA COUNTY BOUNDARIES IN CLINTON AREA

3/27	INTRODUCED		
3/27	REFERRED TO APPROPRIATIONS		

County is worth. Senator Daniels said he does not know, but the county has appropriated $3,500 for the maintenance of the building. He said private citizens have also donated $8,500 towards maintenance.

Representative Bradley (272) asked why the agricultural museum at Fort Benton is listed separately in the bill. Representative Thoft said this project was not reviewed by the advisory committee and funding for it is included in several of the Long-Range Planning bills. He said the committee fealt Fort Benton is an approriate place for the museum and there was a tremendous amount of local effort displayed for the project.

Representative Nathe (301) said he noticed there are quite a few library projects being funded and he wonders why. Chairman Bardanouve said several of the projects deal with the preservation of historic documents.

Representative Thoft said if the committee decides to appropriate funds for the Deer Lodge project, money will have to be taken from some other project. Representative Nathe (310) suggested the committee could take an overall percentage cut on each project to fund the Deer Lodge request. Both Chairman Bardanouve and Representative Thoft said this has already been done just to fund the projects which are recommended.

Judy Rippingale (344) said the subcommittee does have a recommended amendment to House Bill 938 (EXHIBIT 9).

E X E C U T I V E A C T I O N :

Representative Thoft (351) made a motion to approve the amendment to House Bill 938. A voice vote was taken and the motion carried unanimously.

Representative Moore (345) made a motion that House Bill 938 AS AMENDED DO PASS. A voice vote was taken and the motion carried unanimously.

HOUSE BILL 947: "AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS AND GRANTS UNDER THE WATER DEVELOPMENT PROGRAM AND THE RENEWABLE RESOURCE PROGRAM; TO APPROVE LOANS FROM WATER DEVELOPMENT BOND PROCEEDS AND APPROPRIATE FUNDS FOR DEBT SERVICE; TO APPROVE LOANS FROM RENEWABLE RESOURCE DEVELOPMENT BOND PROCEEDS AND APPROPRIATE FUNDS FOR DEBT SERVICE; TO REAUTHORIZE LOANS APPROVED BY THE 1983 LEGISLATURE; TO APPROVE THE ISSUANCE OF STATE OF MONTANA COAL SEVERANCE TAX BONDS TO FINANCE THE REHABILITATION AND REPAIR OF THE STATE MIDDLE CREEK DAM PROJECT AND PROVIDE FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO AUTHORIZE USE OF INTEREST EARNINGS ON PROCEEDS OF WATER DEVELOPMENT BONDS TO FINANCE GRANTS APPROVED IN THIS ACT; TO REAUTHORIZE STATE OF MONTANA COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS APPROVED

BY THE 1983 LEGISLATURE; TO AUTHORIZE THE CREATION OF A STATE DEBT; TO REAUTHORIZE LOANS FOR CERTAIN PROJECTS APPROVED BY THE 1983 LEGISLATURE FOR WHICH STATE OF MONTANA COAL SEVERANCE TAX BONDS HAVE BEEN SOLD; TO REALLOCATE CERTAIN RESOURCE INDEMNITY TRUST ACCOUNT INTEREST INCOME FOR WATER DEVELOPMENT PROGRAM GRANTS DURING THE BIENNIUM ENDING JUNE 30, 1987; TO PLACE CERTAIN CONDITIONS UPON GRANTS AND LOANS; AMENIDNG SECTION 90-2-107, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Representative Thoft explained various portions of House Bill 947 and the subcommittee's recommendations (EXHIBIT 10).

Water Development Program, Projects Under $200,000:

Representative Thoft (408) said in this portion of the bill the subcommittee once again accommodated projects which were not originally included in the program. The Swan River Youth Camp and the Montana State Prison sewer projects are emergency projects because of the health issues involved and the subcommittee fealt they needed to be funded this session. Representative Thoft said he feels these projects should be included in the maintenance program and not in water development. However, the maintenance program funds were allocated for construction of the forensic unit and this created a shortage for other projects. He said the $444,100 for Swan River does not fit within the program guidelines.

Representative Thoft (443) reviewed the funding for the Water Development Program.

$3,197,233	Revenue Estimate (See Exhibit 8)
$3,499,350	Funding for 76 projects presented by the department
$3,257,350	Funding recommendation for 72 projects
$512,600	Swan River and Prison sewer projects
$3,769,950	Total Funding Recommendation

He said the subcommittee prioritized additional projects, below the funding cut off, in the event there are reverted funds.

Representative Thoft (484) said, when the subcommittee did make adjustments to projects, it tried not to take cuts in projects which are important to domestic water supplies.

Committee Discussion:

Representative Moore (493) said the Bureau of Mines and Geology and the Triangle Conservation District have requested funding from several sources and he wonders if Representative Thoft would recommend that these funds be cut. Representative Thoft said he is not sure he will recommend that any funds be removed. He said one of the problems in recommending funding for various projects is that the subcommittee did not know all the legislation coming down the pike.

Representative Donaldson (560) asked how the loans in this section of the bill are handled and what the interest rate is on them. Representative Thoft said the loans are handled by the bonding program and the interest rate is the same as the bond rate.

Representative Bradley (593) said there are proponents of Project 7 present at the meeting and she wondered if they might be able to testify on behalf of the project, since it is not listed in House Bill 947 for funding. (Project 7 is for the Hydrological Assessment of Pony and Cow Creeks.)

Proponents:

Frank Munshower (634), Director, Reclamation Research, Montana State University, explained this project and the need for it.

Earl Griffith (704), Earth Sciences Coordinator, Facility Siting Bureau, Energy Division, Department of Natural Resources and Conservation (DNRC) spoke as a proponent of this project.

(Tape 80:B:006)

Chairman Bardanouve asked how many acres have been damaged. Mr. Munshower said between 200 to 400 acres. Chairman Bardanouve asked if the applicants have requested funding from the Coal Impact Board. Mr. Munshower said no.

Representative Thoft (016) said the subcommittee deleted this project and recommended it be funded from coal impact money.

Chairman Bardanouve asked if any chemical analysis has been done on the water in Pony and Cow Creeks. Mr. Munshower said no, but the problem is not limited to the water table, it also is applicable to the soil above it.

Representative Menahan (029) asked, if by sending this project to the Coal Impact Board, will this action imply that mining is the cause of the problem. Mr. Munshower said he has not applied to the Coal Impact Board for funding, but its funds are seldom spent on research [illegible]

E X E C U T I V E A C T I O N :

Representative Peck (057) made a motion to authorize the Chairman to send a letter to the Coal Impact Board relative to the application for the assessment of Pony and Cow Creeks. A voice vote was taken and the motion carried unanimously.

Representative Moore (078) asked if the projects striken in this section are duplicates of others. Representative Thoft said these projects were deleted to provide funding for the Swan River and Prison sewer projects or because they were placed higher in the priority list by the subcommittee. He

also said the funding level is not anticipated to go beyond those projects listed on page 8.

Representative Quilici (124) asked what testimony was given to the subcommittee which made it prioritize the Groundwater Information Center as project number 4.

Representative Thoft said the advisory committee to DNRC placed this project as its fourth priority. The subcommittee was unaware of other funding legislation for the project, and therefore, accepted the advisory committee's ranking.

Representative Quilici (136) said SJR 13 which would have funded the project is now dead and he feels the Montan Bureau of Mines and Geology is the best qualified to have a Groundwater Information Center.

Representative Moore (142) said this request was the bureau's number one priority before the Education Subcommittee. The request was for $160,000 for 2 FTEs and $72,000 of the total was for computer equipment. He said the Education Subcommittee turned down this request already and so did the full committee.

Representative Donaldson (158) said the Education Subcommittee was aware of the water development project application made by the bureau.

Representative Moore said he is concerned that once the center is established its ongoing operating expenses will have to come from the General Fund.

E X E C U T I V E A C T I O N :

Representative Moore (163) made a motion to amend House Bill 947 (grey bill, Exhibit 10) as follows:

1. Page 4
   Strike: Lines 22 and 23 in their entirety

Representative Nathe (165) asked if this bill is the only remaining funding source for the Groundwater Information Center. Representative Thoft said there is another project for it in House Bill 922, which will fund the Legacy Program.

Representative Donaldson (218) asked if more money will be appropriated for the bureau out of the Legacy Program. Representative Thoft said the subcommittee is not going to fund a duplication of effort.

Representative Spaeth (230) asked what the $100,000 will be used for and if there is a long-term commitment involved by appropriating this money. Representative Moore (235) said the money will be used for purchasing computer equipment and 2 FTEs. He said once the center is established it will take General Funds monies to keep it operating.

Representative Nathe (281) said the Governor's Groundwater Advisory Committee felt the center was their number one priority. The advisory committee feels the groundwater information available should be put on a computer so that people can be aware of the groundwater situation on a state-wide basis.

Representative Peck (300) said he thought the Education Subcommittee did not take a positive action on this proposal because the committee felt it was appropriate to include it in long-range water development. Representative Donaldson said he feels the Water Development Program is the appropriate source for funding this project and he said he feels it is a valuable proposal.

Representative Waldron (343) asked, if the water development grant is approved, will there be a commitment to expand the staff of the Bureau of Mines and Geology. Gary Fritz, Administrator, Water Resources Division, DNRC, said the $100,000 grant is for a computer only and not FTEs. He said the Legacy request is for funding of additional FTEs. He said the Groundwater Information Center proposal cannot be completed if only the money for the computer is available. The money in the Legacy Program will help in fully implementing the project. Legacy money will be used to add FTEs in the field and for the computer.

A roll call vote was taken with 17 members voting no and Chairman Bardanouve and Representative Moore voting yes. The motion failed.

Representative Moore (408) made a motion to amend House Bill 947 (grey bill, Exhibit 10) as follows:

1. Page 4
   Strike: Lines 24 and 25 in their entirety

Representative Moore (410) said the Triangle Conservation District already received $150,000 in House Bill 500.

Representative Manuel (415) said the water development money is for the basic saline seep reclamation program in the original Triangle area. The funds in House Bill 500 are for expansion of the program.

Representative Spaeth (449) said he is in agreement with Representative Manuel. He said this is a good project and getting saline seep under control is as important as weed control.

Representative Bradley (477) made a substitute motion to amend House Bill 947 (grey copy, Exhibit 10) as follows:

1. Page 4, line 24
   Following: "G"
   Strike: "100,000"
   Insert: "50,000"

2. Page 5
   Strike: Lines 10 and 11 in their entirety
   Insert: "MONTANA STATE UNIVERSITY G 50,000
   Hydrological Assess of Pony and Cow Creeks"

Representative Thoft (489) said he will resist this motion because the subcommittee recommended the university project request funding from another source.

Representative Spaeth (497) suggested the $50,000 be taken from one of the other Montana State University projects which are already recommended for funding.

A roll call vote was taken with 15 members voting no and Representatives Bradley, Menahan, Quilici and Winslow voting yes.

A voice vote was taken on Representative Moore's original motion. The motion failed with Representatives Connelly and Moore voting yes.

Renewable Resource Development Program:

Representative Thoft (653) explained this portion of House Bill 947 and funding for the program (See Exhibit 10).

Water Development Loan Program:

(Tape 81:A:022)

Representative Thoft said he is not at all happy with this bonding program because it was originally established for agriculture and it has turned into a municipal water and sewer program. He said agricultural projects do not have the loan repayment ability that municipal projects have.

Chairman Bardanouve (036) said he shares this concern also because originally the program was sold to the Legislature as an agricultural program with bonding authority up to $250 million.

Committee Discussion:

Representative Thoft (048) said the concept of the loan program is to subsidize interest rates for particular projects with coal tax money. Each project is put into a loan group and each group has a different interest rate. The project applicant's ability to repay the loan determines how much of an interest subsidy they are given.

Representative Donaldson (058) asked what the cost is to the state for the interest subsidy on the loans. Representative Thoft said the total interest subsidy will be $10,650,452.

Chairman Bardanouve (076) said he is concerned about the amount of interest subsidy on the loan program. He used East Bench as an example, saying $3.8 million of interest subsidy will benefit 7 farmers on this project.

Representative Thoft (092) said the reason the subcommittee gave this project serious consideration is because it is the only agricultural project in the loan program. He said a precedent was set last session for giving loans at a 3% interest rate.

Larry Fasbender (102), Director, DNRC, said the department is also concerned about the trends which are developing in the Water Development Program. He said DNRC would like to explain some of these trends to the full committee at a later date. DNRC is also of the opinion the program was set up to serve agricultural interests and the department would like the committee's guidance as to what legislative policy is concerning the future direction of the program.

Representative Moore (121) asked if any of these water and sewer projects are replacing existing systems. Mr. Fasbender said yes. He said 14% of the projects are for agriculture, 50% are for rural water or sewer systems and 36% of the projects are for nonagricultural communities.

Representative Miller (140) said two years ago there was an umbrella bonding mechanism set up for communities who consolidated in order to get a lower bonding rate. He wonders if DNRC has considered this alternative. Mr. Fasbender said the state financial advisor, Evenson-Dodge, looked into this and discovered it is cheaper in most instances for the municipalities to sell bonds locally than to use the pool. He said these municipalities can also come into the Water Development Program and receive a subsidized interest rate.

Representative Donaldson (252) asked if the loan in Group E is for a flat 3% interest rate. Representative Thoft said yes.

Chairman Bardanouve (261) asked why these projects cannot pay for themselves. Mr. Fasbender said large water projects generally cannot pay for themselves, but they do have other economic benefits which offset the interest subsidy.

E X E C U T I V E A C T I O N :

Representative Thoft (401) made a motion that House Bill 947 AS AMENDED DO PASS. (Grey copy, Exhibit 10) A voice vote was taken and the motion carried. Representative Moore voted no on this motion.

Recess: The meeting recessed at 11:41 a.m.

Reconvene: The meeting reconvened at 7:35 p.m.

HOUSE BILL 928: "AN ACT TO APPROPRIATE MONEY FOR CAPITAL PROJECTS FOR THE BIENNIUM ENDING JUNE 30, 1987; TO PROVIDE FOR OTHER MATTERS RELATING TO THE APPROPRIATION; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Representative Thoft (466) explained the subcommittee's recomendations, for each department, in the Long-Range Capital Construction Program bill (EXHIBIT 11). He said there is no bonding program this session for new construction because of the shortage of revenue. Representative Thoft said many maintenance projects originally recommended, by A&E, were deleted in order to fund the construction of the forensic unit at the Montana State Hospital.

Department of Institutions (DOI), Forensic Unit:

Representative Thoft (553) said the 1983 Legislature appropriated $1.6 million for the forensic unit and this money will still apply toward the funding of this project and it does not appear anywhere in House Bill 928.

He said the subcommittee was presented with three options on the forensic unit which are:

Option 1 - To leave the forensic unit in the present facility and do nothing. Representative Thoft said this was a viable option since the present facility is only 12 years old.

Option 2 - To appropriate a portion of the cost of the new building this session and extend the construction of the project by one year. In 1987 A&E would come back to the Legislature with a bid in hand and the Legislature could then decide if it should fund the remainder of the project.

Option 3 - To reduce the number of maintenance projects in the 1986-87 biennium and find money for the entire project this session.

Representative Thoft (585) said the subcommittee chose Option 3 because of the inflationary costs involved in waiting until the 1987 session.

Chairman Bardanouve (627) said there was also a proposal to appropriate part of the money needed now and to build a portion of the facility in the next biennium. Then in 1987 the Legislature could appropriate the remaining funds needed to complete the second phase. He said the subcommittee was opposed to this idea because of the problems involved in possibly having two different contractors on the two phases of the project.

ROLL CALL VOTE

HOUSE COMMITTEE APPROPRIATIONS

DATE April 4, 1985 BILL NO. House Bill 947 TIME _____

NAME	AYE	NAY
BARDANOUVE, FRANCIS (Chairman)	X	
DONALDSON, GENE (Vice Chairman)		X
BRADLEY, DOROTHY		X
CONNELLY, MARY ELLEN		X
ERNST, GENE		X
HAND, BILL		X
LORY, EARL		X
MANUEL, REX		X
MENAHAN, WILLIAM		X
MILLER, RON		X
MOORE, JACK	X	
NATHE, DENNIS		X
PECK, RAY		X
QUILICI, JOE		X
REHBERG, DENNIS		X
SPAETH, GARY		X
SWIFT, BERNIE		X
THOFT, BOB		
WALDRON, STEVE		X
WINSLOW, CAL		X

JEAN CARROLL
Secretary

FRANCIS BARDANOUVE
Chairman

Made by Representative Moore

Motion: To amend House Bill 947 (grey bill, Exhibit 10) as follows:

1. Page 4

Strike: Lines 22 and 23 in their entirety

ROLL CALL VOTE

HOUSE COMMITTEE APPROPRIATIONS

DATE April 4, 1985 BILL NO. House Bill 947 TIME

NAME	AYE	NAY
BARDANOUVE, FRANCIS (Chairman)		X
DONALDSON, GENE (Vice Chairman)		X
BRADLEY, DOROTHY	X	
CONNELLY, MARY ELLEN		X
ERNST, GENE		X
HAND, BILL		X
LORY, EARL		X
MANUEL, REX		X
MENAHAN, WILLIAM	X	
MILLER, RON		X
MOORE, JACK		X
NATHE, DENNIS		X
PECK, RAY		X
QUILICI, JOE	X	
REHBERG, DENNIS		X
SPAETH, GARY		X
SWIFT, BERNIE		X
THOFT, BOB		X
WALDRON, STEVE		
WINSLOW, CAL	X	

JEAN CARROLL
Secretary

FRANCIS BARDANOUVE
Chairman

Made by Representative Bradley

Motion: A substitute motion to amend House Bill 947 (grey bill, Exhibit 10) as follows:

1. Page 4, line 24
   Following: "G"
   Strike: "100,000"
   Insert: "50,000"

2. Page 5
   Strike: Lines 10 and 11 in their entirety
   Insert: "MONTANA STATE UNIVERSITY G 50,000
   Hydrological Assess of Pony and Cow Creeks"

HOUSE BILL NO. 947

INTRODUCED BY BARDANOUVE, THOFT, SCHYE, ERNST

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS AND GRANTS UNDER THE WATER DEVELOPMENT PROGRAM AND THE RENEWABLE RESOURCE PROGRAM; TO APPROVE LOANS FROM WATER DEVELOPMENT BOND PROCEEDS AND APPROPRIATE FUNDS FOR DEBT SERVICE; TO APPROVE LOANS FROM RENEWABLE RESOURCE DEVELOPMENT BOND PROCEEDS AND APPROPRIATE FUNDS FOR DEBT SERVICE; TO REAUTHORIZE LOANS APPROVED BY THE 1983 LEGISLATURE; TO APPROVE THE ISSUANCE OF STATE OF MONTANA COAL SEVERANCE TAX BONDS TO FINANCE THE REHABILITATION AND REPAIR OF THE STATE MIDDLE CREEK DAM PROJECT AND PROVIDE FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO AUTHORIZE USE OF INTEREST EARNINGS ON PROCEEDS OF WATER DEVELOPMENT BONDS TO FINANCE GRANTS APPROVED IN THIS ACT; TO REAUTHORIZE STATE OF MONTANA COAL SEVERANCE TAX BONDS FOR CERTAIN PROJECTS APPROVED BY THE 1983 LEGISLATURE; TO APPROPRIATE COAL SEVERANCE TAX INCOME FOR DEBT SERVICE; TO AUTHORIZE THE CREATION OF A STATE DEBT; TO REAUTHORIZE LOANS FOR CERTAIN PROJECTS APPROVED BY THE 1983 LEGISLATURE FOR

WHICH STATE OF MONTANA COAL SEVERANCE TAX BONDS HAVE BEEN SOLD; TO REALLOCATE CERTAIN RESOURCE INDEMNITY TRUST ACCOUNT INTEREST INCOME FOR WATER DEVELOPMENT PROGRAM GRANTS DURING THE BIENNIUM ENDING JUNE 30, 1987; TO PLACE CERTAIN CONDITIONS UPON GRANTS AND LOANS; AMENDING SECTION 90-2-107, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Appropriations from the water development state special revenue account. (1) There is appropriated to the Department of Natural Resources and Conservation up to $196,550 from the water development state special revenue account during the biennium ending June 30, 1987, for grants to private persons for water development projects and activities pursuant to the provisions of Title 85, chapter 1, part 6. This appropriation is from money available in the water development state special revenue account for grants for water development projects and activities under 85-1-604(3)(c) and sections 3 and 4 of this act.

(2) There are appropriated to the Department of Natural Resources and Conservation the interest earnings from the proceeds of water development bonds and renewable resource development bonds issued to finance loans authorized by this act. Interest earnings must be deposited

in the water development state special revenue account and the renewable resource development account, respectively.

(3) There are appropriated to the Department of Natural Resources and Conservation all other funds not appropriated under subsection (1) and available for grants to state and local government entities from the water development state special revenue account during the biennium ending June 30, 1987. This appropriation is from money available in the water development state special revenue account and renewable resource development account for grants and from the water development or renewable resource accounts for loans for water development projects and activities under 85-1-604(3)(c) and section 13 of this act. The funds appropriated in this subsection must be awarded by the Department of Natural Resources and Conservation to the following entities for the described purposes and in the described grant amounts, subject to the conditions set forth in this act. The Legislature, pursuant to 85-1-605, approves the grants listed below, with grants to be made in the order indicated in the following prioritized list of projects and activities. Funds must be awarded up to the amounts approved in this section in order of priority until available funds are expended. Funds not accepted or utilized by higher ranked projects and activities must be provided for projects and activities

farther down the priority list that would not otherwise receive funding. If the total expenditure of funds appropriated under this subsection results in a cutoff that ends at a point at which more than one project or activity is ranked equal in priority, the decision regarding which project or projects will receive funding must be made by the Department of Natural Resources and Conservation, with the advice of the water development advisory committee formed pursuant to 2-15-122. Actual rank and score of the various projects and activities are contained within the Department's renewable resource and water development program project evaluations and recommendations report for the 1986-87 biennium.

Water Development Program Prioritized Projects and Activities

G: Grant L: Loan

APPLICANT/PROJECT		
SWAN RIVER YOUTH CAMP	G	$444,100
SEWAGE TREATMENT PLANT		
MONTANA STATE PRISON	G	68,500
EXPANSION OF SEWER		
MONTANA BUREAU OF MINES AND GEOLOGY	G	100,000
Statewide Ground Water Information Center		
TRIANGLE CONSERVATION DISTRICT	G	100,000
Triangle Saline Seep		

CARBON CONSERVATION DISTRICT	G	68,000
Willow Creek Stream Corridor Management		
UNIVERSITY OF MONTANA -- MONTANA FOREST AND	G	85,000
EXPERIMENT STATION/Riparian Vegetation		
System		
ROSEBUD CONSERVATION DISTRICT	G	5,500
Vegetative Streambank Stabilization		
TETON COUNTY CONSERVATION DISTRICT	G	100,000
Upper Teton Aquifer Study		
~~MONTANA STATE UNIVERSITY~~	~~G~~	~~69,000~~
~~Hydrological--Assess of Pony and Cow Creeks~~		
TOWN OF EKALAKA	G	17,000
Water and Sewer Facilities Plan		
LEWIS & CLARK/JEFFERSON VALLEY CONSERVATION	G	100,000
DISTRICT/Prickly Pear Stream Stabilization		
CUT BANK NORTH GLACIER WATER AND SEWER	G	50,000
DISTRICT/North Cut Bank Sewer System	L	125,000
SEELEY LAKE MISSOULA COUNTY WATER DISTRICT	G	9,000
Development of Water and Sewer System		
Facilities Plan		
UNIVERSITY OF MONTANA	G	100,000
Missoula Aquifer Study		
STILLWATER CONSERVATION DISTRICT & BEARTOOTH	G	80,000
RC&D/Saline Seep Reclamation and Plowout		
GREENFIELDS IRRIGATION DISTRICT	G	17,000

Rehabilitation & Automation of Bifurcation Structure (new)	L	32,244
GREENFIELDS IRRIGATION DISTRICT	G	54,000
Rehabilitation & Automation of Bifurcation Structure (old)		
CARBON CONSERVATION DISTRICT	G	19,000
Cottonwood Creek Stream Corridor Management		
~~MONTANA STATE UNIVERSITY~~	~~G~~	~~97,000~~
~~Impacts of Small Hydropower on Trout~~		
ANTELOPE WATER/SEWER DISTRICT	G	60,000
Water/Sewer System Construction	L	100,000
DANIELS COUNTY CONSERVATION DISTRICT	G	~~99,000~~
		90,000
Poplar River Monitoring		
TOWN OF CASCADE/Landfill	G	44,000
Rehabilitation and Park Development	L	66,000
SHERIDAN COUNTY	G	75,000
Northeast Montana Ground Water Study		
TREASURE COUNTY CONSERVATION DISTRICT	G	17,000
Irrigation System Reorganization		
TOWN OF SACO	G	41,800
Water Systems Improvement	L	158,200
PRIVATE WATER USERS ASSOCIATION	G	20,000
Weed and Moss Catcher	L	100,000
BOX ELDER RURAL IMPROVEMENT DISTRICT	G	28,000

	Well Development	L	142,000
	SHERIDAN COUNTY -- RESERVE SEWER DISTRICT	G	33,000
	Reserve Sewer System	L	117,000
	PIPESTONE DITCH COMPANY	G	6,000
	Gravity Irrigation System	L	29,000
	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	100,000
	AND PARKS/Gartside Dam Repair		
	BUTTE/SILVER BOW	G	82,000
	Sewer Sludge Application and Plant Trials		
	DEER LODGE VALLEY CONSERVATION DISTRICT	G	15,000
	Gilman Wilberly Group Flood Protection		
	PRIVATE WATER SYSTEM ASSISTANCE CORPORATION	G	16,700
	Potable Water System Technical Advisor		
	MONTANA DEPARTMENT OF FISH, WILDLIFE,	G	56,000
	AND PARKS/McNeil Slough Dam Restoration		
	~~FORT-BELKNAP-INDIAN-COMMUNITY~~	~~G~~	~~57,000~~
	~~Ground-Water-Study~~		
	MONTANA BUREAU OF MINES AND GEOLOGY	G	44,000
	Madison Valley Arsenic Ground Water Study		
	PRIVATE WATER USERS ASSOCIATION	G	33,000
	Ditch Rehabilitation	L	167,000
	MONTANA STATE UNIVERSITY	G	85,000
	Ground Water Exploration of Bozeman Fan		
	WHITEFISH WATER & SEWER DISTRICT	G	100,000
	Whitefish Lake Critical Area Study		

MEAGHER COUNTY/Newlan Creek Dam and Irrigation Feasibility	G	100,000
~~MONTANA STATE UNIVERSITY SOUTHERN AG RESEARCH CENTER/Cablegation--Demonstration~~	~~G~~	~~10,000~~
PRIVATE RURAL WATER CORPORATION Water System and Supply	G	88,000
MONTANA DEPARTMENT OF FISH, WILDLIFE, AND PARKS/Streambank Preservation	G	35,000
TREASURE COUNTY CONSERVATION DISTRICT Low Interest Loans for Underground Pipe Placement	G	100,000
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION -- CONSERVATION DISTRICTS DIVISION/Riparian Management Program	G	66,500
CUSTER COUNTY	G	25,000
Fairgrounds Sewer System	L	92,380
MONTANA STATE UNIVERSITY DEPARTMENT OF ENGINEERING/Guidelines for Community Water Demands	G	25,000
GLEN LAKE IRRIGATION DISTRICT	G	32,000
Therriault Creek Siphon Construction	L	123,000
COOKE CITY WATER USERS ASSOCIATION	G	42,000
Water System Improvements	L	158,000
RED LODGE/Park & Irrigation System Development	G	100,000

CITY OF BELT		G	33,000
Sewage System Lift Station		L	127,000
CITY OF POLSON		G	42,000
South Polson Water Collection Project		L	158,000
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION -- CONSERVATION DISTRICTS DIVISION/Streambank Reclamation		G	38,500
FAIRFIELD/Open Ditch Conversion		G	80,500
		L	34,500
~~PONDERA~~ PRIVATE CANAL AND RESERVOIR COMPANY		G	8,350
Canal Dredging for ~~Conrad~~ Water Supply		L	41,650
CITY OF PLENTYWOOD		G	37,000
WATER SYSTEM IMPROVEMENT FACILITY			
TOWN OF SCOBEY		G	5,000
WATER SYSTEM IMPROVEMENTS		L	3,990
MONTANA BUREAU OF MINES AND GEOLOGY		G	96,000
Butte Mine Flooding Monitoring			
TOWN OF DUTTON		G	19,300
Municipal Water Supply Study			
~~CITY OF PLENTYWOOD~~		~~G~~	~~37,000~~
~~Water System Improvement Facility~~			
CITY OF HAMILTON		G	24,500
WATER SYSTEM RENOVATION		L	24,568
CITY OF SHELBY		G	25,000
WATER SUPPLY DEVELOPMENT		L	56,625

CASCADE COUNTY RID #26		G	33,000
WATER LINE REPLACEMENT		L	167,000
GORE HILL WATER DISTRICT		G	27,000
WATER SYSTEM IMPROVEMENTS		L	135,000
TOWN OF KEVIN		G	25,000
WATER STORAGE RESERVOIR REPAIR		L	175,000
PRIVATE HOMEOWNERS ASSOCIATION		G	3,400
NEW WELL AND PUMP		L	16,000
SUN PRAIRIE ESTATES COUNTY WATER DISTRICT		G	20,000
WATER SYSTEM IMPROVEMENTS		L	101,000
CITY OF HELENA		G	17,000
WATER SYSTEM STORAGE IMPROVEMENT		L	85,310
EAST BENCH IRRIGATION DISTRICT		G	39,000
Hydropower Development Feasibility Study			
PRIVATE INDIVIDUAL		G	2,500
Low Pressure Sprinkler System Installation		L	27,500
~~CITY OF HAMILTON~~		~~G~~	~~24,500~~
~~Water System Renovation~~		~~L~~	~~24,568~~
CITY OF MILES CITY		G	3,800
Park Irrigation System Conversion			
~~CITY OF SHELBY~~		~~G~~	~~25,000~~
~~Water Supply Development~~		~~L~~	~~56,625~~
~~CASCADE COUNTY RID #26~~		~~G~~	~~33,000~~
~~Water Line Replacement~~		~~L~~	~~167,000~~
CITY OF MILES CITY		G	26,000

	Upgrade Recreation Lake Boat Facilities		
CITY OF CHOTEAU			0
Water Supply Study			
GORE HILL WATER DISTRICT		G	27,000
Water System Improvements		L	135,000
TOWN OF SCOBEY		G	5,000
Water System Improvements		L	3,990
GREENFIELDS IRRIGATION DISTRICT		G	28,000
Hydropower Feasibility Study			
TOWN OF KEVIN		G	25,000
Water Storage Reservoir Repair		L	175,000
TOWN OF WEST YELLOWSTONE		G	21,000
Storm Sewer/Water System Study			
PRIVATE PARTNERSHIP		G	22,000
Small Hydropower Development		L	138,000
PRIVATE HOMEOWNERS ASSOCIATION		G	3,400
New Well and Pump		L	16,000
CITY OF HELENA		G	21,000
Sewage Treatment Plant Effluent Pipeline		L	133,525
SUN PRAIRIE ESTATES COUNTY WATER DISTRICT		G	20,000
Water System Improvements		L	101,000
MEAGHER COUNTY		G	94,000
Golf Course Gravity Flow Irrigation System			
CASCADE COUNTY			0
Gibson Flats Flood Control Study			

~~CITY-OF-HELENA G 17,000~~

~~Water-System-Storage-Improvement L 85,310~~

NEW SECTION. Section 2. Appropriations under the renewable resource development program. (1) There are appropriated to the Department of Natural Resources and Conservation all available funds from the renewable resource development account during the biennium ending July 30, 1987, for projects under the renewable resource development program.

(2) The Department of Natural Resources and Conservation shall award grants to the following entities for the described purposes and in the described amounts. The Legislature, pursuant to 90-2-111, approves the grants listed below, with grants to be made in order of priority ranking within each renewable resource development category, except renewable resource development grants for water development projects and activities, which must be made with the order of priority listed in section 1. The funds appropriated under this section must be divided among the categories and in the percentages as required by 90-2-113. Funds not accepted or used by higher ranked projects in each category must be provided for projects further down the priority list in each category that would not otherwise receive funding. If the total expenditure of funds appropriated under this section results in a cutoff that

ends at a point at which more than one project is ranked equal in priority, the decision regarding which project or projects will receive funding must be made by the Department of Natural Resources and Conservation, with the advice of the water development advisory committee formed pursuant to 2-15-122. IF THE PROJECTS APPROVED IN THE CATEGORIES OF "TIMBER STAND IMPROVEMENT" AND "CONSERVATION DISTRICTS, FOR DEVELOPMENT OF THEIR WATER RESERVATIONS" DO NOT USE UP THE TOTAL ALLOCATIONS FOR THOSE CATEGORIES, AS PROVIDED IN 90-2-113(1)(A) AND (1)(D), ANY EXCESS FUNDS MUST FIRST BE USED FOR THE PROJECT APPROVED IN THE CATEGORY OF "OTHER". AFTER THE PROJECT IN "OTHER" IS FUNDED, ANY REMAINING FUNDS MUST BE USED FOR THE PROJECTS APPROVED IN THE CATEGORY OF "IMPROVEMENTS ON AGRICULTURAL LAND". ANY PROJECTS IN THE CATEGORY OF "IMPROVEMENTS ON AGRICULTURAL LAND" THAT ARE FUNDED BY THE MONTANA LEGACY PROGRAM UNDER SB 277 OR BY THE MONTANA MINERAL LEGACY PROGRAM UNDER HB 913 MUST NOT BE FUNDED UNDER THIS ACT. Actual rank and score of the various projects are contained within the Department's renewable resource and water development programs project evaluations and recommendations report for the 1986-87 biennium.

Renewable Resource Development Program

Prioritized Projects by Category for Funding

G: Grant

I. TIMBER STAND IMPROVEMENT

APPLICANT/PROJECT/APPLICANT			
UNIVERSITY OF MONTANA		G	$19,000
Montana Forest and Conservation Experiment Station			
MONTANA DEPARTMENT OF STATE LANDS		G	91,000
State Timber Stand Improvement			
II. IMPROVEMENTS ON AGRICULTURAL LAND			
APPLICANT/PROJECT			
TOOLE COUNTY -- Marias River Basin Weed Control		G	46,000
MILE HIGH CONSERVATION DISTRICT		G	88,400
Reclamation of Heavy Metal Contaminated Agricultural Lands			
MONTANA STATE UNIVERSITY/TETON COUNTY		G	14,000
Leafy Spurge; Biological Control			
JEFFERSON COUNTY CONSERVATION DISTRICT		G	46,000
Cooperative Noxious Weed Control			
~~MCCONE COUNTY CONSERVATION DISTRICT~~		~~G~~	~~34,000~~
~~Conservation Tillage Demonstration--Project~~			
~~MONTANA DEPARTMENT OF FISH, WILDLIFE, AND PARKS/Mt. Haggin Fencing Project~~		~~G~~	~~42,000~~
MONTANA DEPARTMENT OF FISH, WILDLIFE, AND PARKS/Noxious Plant Control on State Wildlife Management Areas		G	83,000
MONTANA DEPARTMENT OF NATURAL RESOURCES AND		G	7,000

CONSERVATION -- CONSERVATION DISTRICTS DIVISION/Grazing Management for Noxious Weed Control		
MONTANA DEPARTMENT OF AGRICULTURE	G	65,000
Coordinated Weed Management Project		
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION -- CONSERVATION DISTRICTS DIVISION/Rangeland Weed Control Cost Assistance	G	90,000
VALLEY COUNTY CONSERVATION DISTRICT	G	13,000
Leafy Spurge Control Project		

III. CONSERVATION DISTRICTS, FOR DEVELOPMENT OF THEIR WATER RESERVATIONS

APPLICANT/PROJECT		
LOWER YELLOWSTONE CONSERVATION DISTRICT	G	25,000
DEVELOPMENT COMMITTEE/Reserved Water Development Investigation		
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION -- CONSERVATION DISTRICTS DIVISION/Water Reservation Development Program	G	70,000

IV. OTHER

APPLICANT/PROJECT		
GALLATIN COUNTY -- West Yellowstone/Hebgen Basin	G	70,000

	Bear-Proof Refuse Container		
MISSOULA,--CITY-OF----Missoula-Open-Space-and	G	27,500
Agricultural-Land-Conservation-Program		
MONTANA-STATE-UNIVERSITY-DEPARTMENT-OF	G	14,000
AGRICULTURAL-ECONOMICS-AND-ECONOMICS		
Economics-of-On-Farm-Wind-Generation		
WEST-YELLOWSTONE,-CITY-OF-----Rendezvous--Ski	G	27,300
Trail		
CASCADE-COUNTY-PARK-BOARD----King's-Hill	G	7,000
Nordic-Ski-Center		
MONTANA--DEPARTMENT--OF-NATURAL-RESOURCES-AND	G	24,000
CONSERVATION-------Conservation---Education		
Grants-Program		

NEW SECTION. Section 3. Opportunity to receive loans for projects that do not receive grants. Sponsors of recommended projects and activities on the prioritized lists in sections 1 and 2 that are not recipients of available grant funds must be offered the opportunity to receive loan funds for up to the total recommended project, subject to the conditions described in this act. The interest rate applicable to these loans must be the rate paid on bonds issued pursuant to this act.

NEW SECTION. Section 4. Approval of loans from bond proceeds and completion of appropriation. (1) The Legislature, pursuant to 85-1-605 and 90-2-107, hereby

approves loans to private sponsors approved by the Director of the Department of Natural Resources and Conservation during the 1985-86 biennium and the loans identified and described in section 1 for projects and activities to public entities from water development bond proceeds [and interest earnings on such proceeds deposited in the water development account] and loans from renewable resource development bond proceeds deposited in the renewable resource development account. Bond proceeds may be used for the payment of bond issuance costs. Funds are appropriated for these costs to a maximum of 4% of the amount of each bond sale.

(2) The approval of specific loans completes an appropriation of the coal severance tax proceeds allocated by 15-35-108 to the water development bond account for the purpose of paying, in the manner established by 85-1-619, principal of and interest and redemption premiums on any water development bonds issued to provide the proceeds for the loans to private and public entities approved in section 1, and also an appropriation to the renewable resource debt service fund for the purpose of paying, in the manner established by 90-2-124, principal of and interest and redemption premium on any renewable resource development bonds issued to provide the proceeds for the loans to public entities approved in sections 1 and 2.

NEW SECTION. Section 5. Reauthorization of loans

approved by the 1983 Legislature. The 1983 Legislature in House Bill 897 approved loans from the water development bond account for the Antelope water and sewer district in the amount of $100,000, the Geraldine water district in the amount of $100,000, the town of Culbertson in the amount of $100,000, and the town of Hamilton in the amount of $182,000. Eighty-two thousand dollars of the Hamilton loan was a grant for which revenues were not collected and which was offered and accepted as a loan. Loans for the entities described in this section, from proceeds of the water development program general obligation bond, October 1983, are hereby authorized.

NEW SECTION. Section 6. Coal severance tax bond authorized. (1) The Legislature finds that Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved water resource development projects and activities as part of the state water development program. The Legislature finds that the water development projects in this section meet the provisions of 17-5-702. The Board of Examiners may issue State of Montana coal severance tax bonds in an amount not to exceed $51,152,528 for the purposes of making loans and financing state projects, ESTABLISHING A RESERVE FOR THE BONDS, and of paying the costs of issuance. Funds are appropriated for these costs of issuance to a maximum of 4%

of the amount of each bond sale.

(2) The Board of Examiners may issue State of Montana coal severance tax bonds for loans to political subdivisions and local government entities not to exceed the loan amount listed for the project.

GROUP A Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group must be four percentage points below the long-term bond rate at which the state bond is sold for the first 7 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 13 years.

	LOAN AMOUNT
DENTON, TOWN OF	$185,000
Water Supply System	
DODSON, TOWN OF	170,000
New Water Well	
DRUMMOND, TOWN OF	304,600
Fire and Water Project	
DUTTON, TOWN OF	652,000
Water Supply Construction	
EAST BENCH IRRIGATION DISTRICT	400,000
Gravity Irrigation System	
~~EAST BENCH IRRIGATION DISTRICT~~	~~1,317,295~~
~~McHesser Dry Gulch Gravity Irrigation System~~	
~~EVERGREEN WATER AND SEWER DISTRICT~~	~~3,226,900~~

~~Flathead County Sewer System~~	
GERALDINE COUNTY WATER DISTRICT	313,910
Rural Water System	
GLASGOW, CITY OF	5,662,000
Water Supply Source	
~~HUNGRY HORSE WATER AND SEWER DISTRICT~~	~~762,430~~
~~Water System Improvements~~	
LAKESIDE COUNTY SEWER DISTRICT	1,190,000
Wastewater Treatment Facility	
NEIHART, TOWN OF	550,000
Water System Improvement	
YELLOWSTONE COUNTY	555,000
Cedar Park Water System	
YELLOWSTONE COUNTY	1,100,000
Oxbow Area Water Supply	

GROUP B Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group must be three percentage points below the long-term bond rate at which the state bond is sold for the first 7 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 13 years.

	LOAN AMOUNT
COOKE PASS-COOKE CITY-SILVER GATE	$336,730
County Water/Sewer District Sewer Improvements	
FORT BENTON, CITY OF	753,060

Water System Improvement	
JUDITH GAP, TOWN OF	100,000
Water Supply Source	
LIMA, TOWN OF	376,500
Water Facilities Update	
POPLAR, TOWN OF	477,260
Water System Improvement	
ROOSEVELT COUNTY RURAL WATER DISTRICT	2,219,124
Rural Water System	
WORDEN/BALLENTINE YELLOWSTONE COUNTY	500,000
Water and Sewer District Reservoir Construction	
EVERGREEN WATER AND SEWER DISTRICT	3,226,900
FLATHEAD COUNTY SEWER SYSTEM	
HUNGRY HORSE WATER AND SEWER DISTRICT	762,430
WATER SYSTEM IMPROVEMENTS	

GROUP C Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group must be two percentage points below the long-term bond rate at which the state bond is sold for the first 7 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 13 years.

	LOAN AMOUNT
BOZEMAN, CITY OF	$726,079
Lyman Creek Water System Improvements	
CHARLO WATER USERS ASSOCIATION	269,440

Distribution System Replacement	
EAST HELENA, CITY OF	434,434
Water System Improvement	
EKALAKA, TOWN OF	395,250
Water System Renovation	
HAVRE, CITY OF	2,590,000
Water System Improvement	
HILL COUNTY WATER DISTRICT	1,410,000
Rural Water Supply	
LOCKWOOD IRRIGATION DISTRICT	247,000
System Renovation	
PONDERA COUNTY CONSERVATION DISTRICT	750,000
Lower Birch Creek Watershed	
SEELEY LAKE WATER DISTRICT	310,706
Water Storage Tank	
TIBER COUNTY WATER DISTRICT	559,260
New Control and Monitoring System	
WHITEHALL, TOWN OF	300,400
Sewer Project	
WHITE SULPHUR SPRINGS, TOWN OF	639,150
Water System Improvements	

GROUP D Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group must be the rate at which the state bond is sold.

	LOAN AMOUNT

MIDDLE CREEK DAM REHABILITATION	$3,500,000
MILK RIVER IRRIGATION DISTRICT	17,869,000
Tiber Dam Power Project	

GROUP E NOTWITHSTANDING THE CONDITIONS SET FORTH IN SECTION 14, THE INTEREST RATE FOR THE PROJECT IN THIS GROUP MUST BE 3% OVER A 30-YEAR TERM.

	LOAN AMOUNT
EAST BENCH IRRIGATION DISTRICT	$1,317,295
MCHESSOR DRY GULCH GRAVITY IRRIGATION SYSTEM	

(3) State of Montana coal severance tax bonds to finance the gravity-fed sprinkler system project for the East Bench irrigation district were authorized by the 1983 Legislature in an amount not to exceed $3,230,000. The district plans to borrow $1,250,000, and the district is still expecting to receive confirmation of a federal loan for the remainder. The Legislature reauthorizes the Board of Examiners to issue State of Montana coal severance tax bonds in an amount not to exceed $1,980,000 if the loan from the U.S. Bureau of Reclamation is not authorized. The loan must carry the interest rate of 3% for the term of the loan, as authorized by the 1983 Legislature. Remaining grant funds approved for this project by the 47th Legislature in House Bill 709 are reappropriated for the project for the biennium ending June 30, 1987.

(4) (a) The Legislature finds that the following state

water projects for rehabilitation and repair for which coal severance tax bonds were authorized by the 1983 Legislature in House Bill 885 have not been completed. Further, inflation or additional feasibility studies have precipitated revised cost estimates for some of these projects. The Board of Examiners is authorized to issue State of Montana coal severance tax bonds for these projects to a maximum amount listed in this section. The state bond rate must be paid on these loans. The list describes both the 1983 authorized amount and a revised amount when appropriate.

YELLOW WATER DAM in	
Petroleum County	
1985 authorization amount	$110,000
COTTONWOOD DAM in	
Park County	
1985 authorization amount	230,000

(b) Bonds may be issued by the Board of Examiners after the water users for each project have entered into contractual agreements providing for the repayment of the cost of repair and rehabilitation at a rate of interest equal to that which must be paid on bonds issued pursuant to this section. The repayment money from each project is pledged, dedicated, and appropriated to the special debt service bond account established in the state treasury for

the benefit of the bonds approved for such projects.

(5) The Legislature finds that the following state hydroelectric projects for which coal severance tax bonds were authorized by the 1983 Legislature in House Bill 885 have not been completed; further, inflation and additional feasibility studies have precipitated revised cost estimates for some of these projects:

(a) The Board of Examiners is authorized to issue State of Montana coal severance tax bonds for these projects up to the amounts listed in this section.

PAINTED ROCK DAM under	
the authorization granted by	
the federal energy regulatory	
commission for project number 4657:	
1985 authorization	$10,047,000
BROADWATER DAM under	
authorization pending before	
the federal energy regulatory	
commission for project number 2853:	
1985 authorization	23,044,000
COONEY DAM under an	
authorization from the federal	
energy regulatory commission	
to be applied for pursuant to the	
preliminary permit issued for project number 4700:	

1985 authorization 4,512,000

(b) Bonds approved in this section may not be issued by the Board of Examiners until the Board of Natural Resources and Conservation has determined that a project is feasible and has otherwise complied with the requirements of Title 85, chapter 1, part 5, for the development of hydropower at water projects under the control of the Department. The Board of Natural Resources and Conservation and the Board of Examiners must find that on the average, over the life of the project, revenues will be generated to repay a loan at the rate at which the state bond is sold. However, in some years the appropriation of funds from the coal severance tax bond account may be required.

(c) The Board of Examiners may allocate a portion of the bond proceeds for a specific project for the operation and maintenance of the hydropower facility.

(d) The maximum amount of bond proceeds for each project approved in this section must also include all and any relocation, reconstruction, ~~habilitation~~ REHABILITATION, or other costs for which the Department is legally liable that affect existing irrigation systems, private lands, utility lines, mines, roads, highways, and railroads which are subsequently affected by the development of a respective hydroelectric project.

(e) The hydropower revenues from each project are

pledged, dedicated, and appropriated to a debt service account established in the state treasury for the benefit of bonds approved to finance the project. Revenues in excess of the amount required to meet the debt service requirements may be allocated to the water development special revenue account to operate, maintain, and rehabilitate state-owned projects.

NEW SECTION. Section 7. Appropriation and creation of debt for coal severance tax bonds. (1) The Legislature, through the enactment of this section by a vote of three-fourths of the members of each house of the Legislature as required by Article IX, section 5, of the Montana Constitution, pledges, dedicates, and appropriates from the coal severance tax bond subfund all money necessary for the payment of principal and interest not otherwise provided for on the State of Montana coal severance tax bonds authorized by this act to be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the further provisions of this act.

(2) The Legislature, through the enactment of this section, in accordance with Article VIII, section 8, of the Montana Constitution, authorizes the creation of a state debt in an amount not to exceed $37,603,000 for the development of the state hydroelectric projects approved in section 6, in an amount not to exceed $3,840,000 for the

rehabilitation of state water projects approved in section 6, and in an amount not to exceed $47,652,528 for loans to political subdivisions of the state and local government entities for water development projects approved in section 6, all for the issuance of state of Montana coal severance tax bonds authorized by this act.

(3) In connection with the issuance of coal severance tax bonds, the Board of Examiners may pay the principal and interest on the bonds when due from the debt service account and in all other respects manage and use the funds within each special bond account for the benefit of the bonds. The Board of Examiners shall exercise its discretion to enhance the marketability of the bonds and to secure the most advantageous financial arrangements for the state.

(4) Earnings on bond proceeds prior to the completion of any loan must be allocated to the debt service account to pay the debt service on the bonds during this period. Earnings in excess of debt service, if any, must be allocated to the water development state special revenue account and may be used for the purposes allowed under 85-1-604(3)(b).

(5) Notwithstanding provisions in section 6(5)(e), loan repayments from loans financed with State of Montana coal severance tax bonds, loan principal, interest, and bond issuance fees borrowed from bond proceeds are pledged,

dedicated, and appropriated to the debt service account in the state treasury for the benefit of bonds approved for loans under this section. Repayment, both principal and interest, of administrative fees borrowed from bond proceeds must be made to the water development state special revenue account created in 85-1-604 to be reused for the administration of the water development loan and grant program.

NEW SECTION. Section 8. Projects not completing requirements -- loans reauthorized. The Legislature finds that the following water development projects for which coal severance tax bonds were authorized to be issued by the 1983 Legislature in House Bill 885 might not complete the requirements necessary for the loan transaction prior to June 30, 1985. State of Montana, Coal Severance Tax Bonds, 1984 Series A, were sold in August 1984 to finance these loans. Loans from the proceeds of the State of Montana, Coal Severance Tax Bonds, 1984 Series A, for the projects described in this section are reauthorized in the amounts listed at the interest rates authorized by the 1983 Legislature in House Bill 885 and described in this section to enable financing during the 1986-87 biennium, if necessary.

GERALDINE COUNTY WATER DISTRICT

Rural Water System $1,733,200

Interest rate: 6.5% for the		
20-year term of the bond		
EAST BENCH IRRIGATION DISTRICT		
Conversion from pumped to		1,250,000
Gravity-Fed Sprinkler System		
Interest rate: 3% for the		
30-year term of the bond		
PONDERA CONSERVATION DISTRICT		
Irrigation System Rehabilitation		555,000
Interest rate: 6% for the		
20-year term of the bond		
BIGFORK COUNTY WATER AND		
SEWER DISTRICT		
Sewer System		250,000
Interest rate: 7% for		
5 years, and 10.26%		
for the remaining 15 years of the bond term		
CITY OF BELGRADE		
Water Well Improvements		115,000
Interest rate: 7% for		
5 years, 10.26% for		
the remaining 15 years		
of the bond term		
TOWN OF THREE FORKS		
New Water Supply System		435,000

Interest rate: 7% for
5 years, and 10.26%
for the remaining 15 years
of the bond term
MARTINSDALE STATE PROJECT
In Meagher and Wheatland Counties 250,000
Interest rate: state bond rate

NEW SECTION. Section 9. Reallocation of resource indemnity trust account interest income. Except for special departmental appropriation and notwithstanding any provisions of 85-1-604 to the contrary, all remaining interest income allocated to the water development state special revenue account from the resource indemnity trust fund by 15-38-202(2) during the biennium ending June 30, 1987, may be used only for the purposes set out in 85-1-604(3)(c).

NEW SECTION. Section 10. Emergency grants. There is appropriated to the Department of Natural Resources and Conservation up to $125,000 from the water development state special revenue account to be used for emergency projects pursuant to Senate Bill 283. If these funds are not needed for emergencies, they may be used for grants approved in section 1 of this act.

NEW SECTION. Section 11. Conditions of loans and grants. Disbursement of funds under this act for both loans

and grants is subject to the following conditions, which must be met by project sponsors:

(1) approval of a scope of work and budget for the project by the Department; reductions in a scope of work or budget must not affect priority activities or improvements;

(2) other funds required for project completion have been committed and the commitment is documented;

(3) satisfactory completion of conditions described in the recommendation section of the project narrative in the renewable resource and water development program project evaluations and recommendations report for the 1986-87 biennium or, in the case of emergency applications, conditions specified at the time of written notification of approved loan authority;

(4) execution of a loan or grant agreement with the Department of Natural Resources and Conservation; and

(5) other specific requirements are accomplished as considered necessary by the Department of Natural Resources and Conservation to accomplish the purpose of the loan or grant as evidenced from the application to the Department of Natural Resources and Conservation or the proposal to the Legislature.

NEW SECTION. Section 12. Conditions for grants. Notwithstanding the conditions described in section 1, grant funds are disbursed in the order of priority listed in

section 1 as coal tax revenues are received. No project approved by this act is entitled to receive grant funds not collected and allocated to the water development state special revenue account or the renewable resource development account.

NEW SECTION. Section 13. Conditions for loans. Each sponsor authorized for a loan from water development bond proceeds, renewable resource development bond proceeds, or coal severance tax bond proceeds may be required to pay to the Department of Natural Resources and Conservation a pro rata share of the bond issuance costs and the administrative costs incurred by the Department to complete the loan transaction.

NEW SECTION. Section 14. Interest rates on loans. Loans made from proceeds of State of Montana coal severance tax bonds must be at interest rates specified in section 6, except that when loan requests are reduced, interest rates must be recalculated based on the methodology described in the renewable resource and water development program project evaluations and recommendations report for the 1986-87 biennium. If the bonds or notes bear interest at an adjustable rate, the Department shall establish, at the time of the sale of the bond, an assured rate of interest thereon as if the bonds bore interest at a fixed rate. The assured rate of interest so established must be the rate of interest

on the bonds for the purpose of calculating the interest rates on the loans pursuant to section 6.

NEW SECTION. Section 15. Private and discount purchase of loans. Loans to local government entities and political subdivisions and bonds, warrants, and notes issued in evidence thereof may be made and purchased by and sold to the Department at a discount and at private negotiated sale, notwithstanding the provisions of any other law applicable to such local government entities or political subdivisions.

Section 16. Section 90-2-107, MCA, is amended to read:

"90-2-107. State and local renewable resource development loans. (1) The department of natural resources and conservation may recommend to the governor that loans be made from the renewable resource development account established by this part to any department, agency, board, commission, or other division of state government or to any city, county, or other political subdivision or local government body of the state.

(2) The department shall solicit and consider in its evaluation of proposed projects the views of interested and affected departments, boards, agencies, and other subdivisions of state and federal government and of other interested and affected persons.

(3) The governor shall submit those loan proposals having his approval to the legislature by ~~the--20th--day--of~~

January 1 of the year of any regular legislative session. Those loan proposals approved by the legislature shall be administered by the department.

(4) The provisions of 90-2-104, 90-2-108, 90-2-109, and 90-2-128 shall govern and apply to the local renewable resource loans herein provided for.

(5) Both the loans provided for by this section and the grants provided for by 90-2-111 may be submitted to the governor and approved by the legislature as may be necessary to jointly finance any project."

NEW SECTION. Section 17. Coordination instruction. (1) If Senate Bill No. 283 is not passed and approved, including its provisions authorizing the deposit of interest earned on water development bond proceeds and renewable resource development bond proceeds in the water development state special revenue account and the renewable resource development account, respectively, section 1(2) and the bracketed material in section 4 are void.

(2) If Senate Bill No. 283 is not passed and approved, including its provisions authorizing the department to use for emergency grants, pursuant to 85-1-605, up to 10% of the funds available for grants from the water development state special revenue account, section 10 is void.

NEW SECTION. Section 18. Severability. If a part of this act is invalid, all valid parts that are severable from

the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. Section 19. Effective date. This act is effective on passage and approval.

-End-

March 26, 1985

TYPES OF PROJECTS FUNDED BY THE WATER DEVELOPMENT PROGRAM

Recently there has been an expression of legislative concern regarding the direction of the Water Development Program. This concern has centered on the number of domestic water and sewer projects funded by what was initially perceived to be an agricultural program.

As shown in the attached summary, purely agricultural and agricultural-related projects such as streambank stabilization have represented about 38% of the applicants and received about 38% of the funds. However, in one category, loans over $200,000, purely agricultural projects have requested and received only 12% of the funds while domestic water and sewer projects have shown a greater need in this area.

The Department of Commerce's Infrastructure Study reports that 264 capital project needs totaling $100 million have been reported by Montana's incorporated cities and towns when asked what their five priority projects were.

In addition, 35% of the state's rural water systems are in need of major upgrading to bring them into compliance with the "10" State Water Quality Standards.

These needs coupled with federal cutbacks have resulted in demand for this program.

The department feels that, even with a depressed agricultural economy, there may be opportunity to develop more agricultural projects if more staff time and technical assistance were directed toward these types of project sponsors who typically don't have the experience or resources for project development and financing that the municipal sponsors do. Currently we are spending only four percent for administration of this program so present staff has been able to provide this assistance to a limited degree only. For this reason the department has requested and has preliminary approval for an additional person ~~for this program~~ to be used for project development with emphasis to be put on assessing needs and then developing specific types of projects such as gravity irrigation, automated flood control, and rural water systems.

Initial efforts have shown that there is demand for development in these areas. For example, a joint DNRC/SCS study during the past biennium identified 18,944 acres feasible for conversion to gravity sprinkler systems which would allow operators to avoid increasing power costs.

Options to further support agriculture with this program.

1. Direct the Department by statute:

> "The Department is directed to recognize in particular the primary role of agriculture in the state's economy and the needs of its agricultural constituency when it formulates its promotion, assistance, and development programs."

This could be put in the purpose section of the enabling legislation or in the appropriations bill.

2. Adjust the ranking system used to compete for grant funds to further support agricultural projects.

3. Limit the amount of loan authority available for domestic water and sewer projects and rank projects to allow competition for these loans.

4. Adopt criteria for interest rate reductions that recognize the additional needs of agriculture.

Numbers 2, 3, and 4 could be done either by statute or by rule and policy under legislative direction given in number 1.

LONG RANGE PLANNING SUBCOMMITTEE

Final Recommendations

Coal Severance Tax Loan Program
Interest Subsidies
1987 Biennium

Project/Agency	Loan Amount	Interest Subsidy
- - - (Group A 4% below bond rate) - - -		
Yellowstone County/Oxbow Area Water Supply	$ 1,100,000	$ 347,525
Town of Drummond/Fire and Water Project	304,600	96,233
Town of Dutton/Water Supply Construction	652,000	205,988
Town of Neihart/Water System Improvement	550,000	173,762
Lakeside County Sewer District/Wastewater Treatment Fac.	1,190,000	375,959
City of Glasgow/Water Supply Source	5,662,000	1,788,806
Yellowstone County/Cedar Park Water System	555,000	175,342
Town of Benton/Water Supply	185,000	58,447
Town of Dodson/New Water Well	170,000	53,708
Geraldine County Water District/Rural Water System	313,910	99,174
East Bench Irrigation District/Gravity Feed Sprinkler Sys.	400,000	126,373
Total Group A	$11,082,510	$3,501,317
- - - Group B (3% below bond rate) - - -		
Cook Passe-Cooke City-Silver Gate County/Sewer Improv.	$ 336,730	$ 77,405
City of Fort Benton/Water System Improvement	753,060	173,109
Evergreen Water and Sewer Dist./Flathead County Sewer	3,226,900	741,780
Town of Lima/Water Facilities Update	376,500	86,548
Town of Poplar/Water System Improvement	477,260	109,710
Roosevelt County Rural Water District/Rural Water System	2,219,134	510,199
Worden/Ballantine Yellowstone County/Reservoir Constrc.	500,000	144,937

Project/Agency	Loan Amount	Interest Subsidy
Hungry Horse Water and Sewer District/Water Sys. Renovation	762,430	175,263
Town of Judith Gap/New Water Source	100,000	22,987
Total Group B	$ 8,752,004	$ 2,041,938
- - - Group C (2% below bond rate) - - -		
City of Bozeman/Lyman Creek Water System Improvements	$ 726,079	$ 107,958
Charlo Water Users Association/Distribution System Repair	269,440	40,062
City of East Helena/Water System Improvement	434,434	64,594
Town of Ekalaka/Water System Renovation	395,250	58,768
City of Havre/Water System Improvement	2,590,000	385,096
Hill County Water District/Rural Water supply	1,410,000	209,647
Lockwood Irrigation District/System Retention	247,000	36,725
Pondera County Conservation District/Lower Birch Creek	750,000	111,514
Seeley Lake Water District/Water Storage Tank	310,706	46,198
Tiber County Water District/Water System Improvements	559,260	83,154
Whitehall/Wastewater Treatment Facility	300,400	44,665
White Sulphur Springs/Water System Improvements	639,150	95,032
Total Group C	$ 8,631,719	$ 1,283,413
- - - Group D (bond rate) - - -		
DNRC/Middle Creek Dam Rehabilitation	$ 3,500,000	-0-
Milk River Irrigation District/Tiber Dam Power Project	17,869,000	-0-
Total Group D	$21,369,000	-0-
- - - Group E (3% loan for 30 Years) - - -		
East Bench Irrigation Dist./McIlhessor Dry Gulch	$ 1,317,295	$ 3,853,865
Total for all Coal Tax Loans	$51,152,528	$10,680,533

MQLEG:subsidies 2-20-5
(rev 4-8-5)

STANDING COMMITTEE REPORT

April 5, 19 35

MR. SPEAKER

We, your committee on APPROPRIATIONS

having had under consideration HOUSE Bill No. 947

First reading copy (White color)

Water Development Program: Project appropriations.

Respectfully report as follows: That HOUSE Bill No. 947

BE AMENDED AS FOLLOWS:

Strike everything after the enacting clause and insert: attached substitute bill.

AND AS AMENDED
DO PASS

~~DO PASS~~

FRANCIS BARDANOUVE Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

APRIL 20, 1985

The 24th meeting of the Senate Finance and Claims Committee met on the above date in Room 108 of the State Capitol. Chairman Regan called the meeting to order at 7:00 a.m. following roll call.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL 947: Representative Francis Bardanouve explained the bill as the chief sponsor. He said this is the water bill. The subcommittee has been quite concerned about how the bills passed. They will have some amendments to submit. These worked out the best program I think that has ever been done.

Representative Thoft, chairman of the subcommittee: There are three parts to the bill. 1) is the grant and loan under $300,000. We are dumping into sewage. We need some to finish the prison and had to pick up some here. Page 7, line 25 is the cut-off funding that is available.

Senator Smith: Where was the cut-off?

Representative Thoft: Page 7, line 25.

Senator Himsl: On page 4 of the Triangle District, $100,000 for the saline seep study. I thought we tried to put that program into one administration or one district. I see it shows up in several places.

Representative Thoft: In order to get the funding we needed to go to several places to find the funding.

Senator Himsl: Some in the university budget under Montana Tech. I thought we were trying to get it under the Department of Lands.

Representative Thoft: I think it is all under one program.

Senator Regan: How much?

Representative Thoft: $400,00 in all the bills.

Senator Himsl: We have page 7, line 23. Another grant?

Representative Thoft: Yes. Another one from two years ago.

Senator Hammond: How can we tell whether grant or loan?

Representative Thoft: G=grant; L=loan.

Senator Regan: If some of the projects don't go then you have more money?

Representative Thoft: Yes.

Senator Regan: More for Glen Lake?

Representative Thoft: Yes.

Senator Van Valkenburg: Page 13, language says it will not get developed further.

Senator Himsl: The order in which they appear like on page 7. That is the priority. Like 24 or 25 you are at the end of the tobbogan and you could slide off.

Representative Thoft: And if one does not go they could go up.

Senator Smith: One question. Has the money been spent for other purposes in that program and that is the reason those prioritized didn't fit in?

Representative Thoft: Prior 1 and 2 were taken out. We destroyed the mainentance program and so it was taken out for maintenance.

Senator Gage: On bonding loans-----just in alphabetical?

Representative Thoft: There are three and I will talk about it in the next page. They do issue bonds to fund them. 2/3 vote in order to pass this.

Representative Thoft: Part 2 of the bill is the RRD account. (Renewable Resource Development)

Representative Bardanouve: The bond bill yesterday will have to have 2/3. This is not a bonding bill just a vehicle. It will not have to have 2/3.

Representative Thoft: Timber stand improvement. The state projects all came out of this and went to the trust. Page 15, line 12 goes to the D of NR. We have moved some money into category IV other bills. (Representative Thoft read from a sheet on RRD projects, Category IV. "Other". Attached as exhibit 1, HB 947.) He said, this language has to be approved by the committee. That completes the RRD portion of the bill.

Senator Himsl: How do you bear-proof the dumpsters?

Representative Thoft: I don't know for sure.

DISPOSITION OF HOUSE BILL 947:

Representative Thoft: I have a proposed amendment on page 13, line 14 if someone on the committee would move it.

Senator Smith: I would move to amend HB 947 on page 13, line 14, following "LAND" to insert "and then for the projects approved in the category of "water development"" and page 13, lines 16 and 17 to strike line 16 through "HB 913" on line 17 and to insert "fully funded by House Bill 922".

QUESTION was called on the above amendment of Senator Smith. Voted and passed.

CONSIDERATION OF HOUSE BILL 947 CONTINUED-Representative Thoft stated that the application of line to agricultural land---they are trying to reduce the metals. This is over at Fairmont.

Representative Thoft: The next portion of the bill. I am very disappointed personally. It was intended to be an agricultural water development program and it has turned into a non-water and sewer program. Only one portion of the bill that is here. The reason it is in the bill-----the committee thought we should at least take a look at it and find out if they wanted to put anything on agriculture in this bill.

Representative Bardanouve: The bonding portion.

Representative Thoft: We have to change the whole funding system.

Representative Bardanouve: Last session we were quite concerned. We are subsidizing many of these projects. Representative Spaeth spent some time last time and managed to save a considerable amount of interest. The interest came off the coal money and actually was reduced the amount of general fund money. The coal tax is reimbursed from the loss on the interest on coal tax money that would go into the general fund. Last year $400,000 a year of general fund to subsidize the interst. This time ---------- the bill, as originally written---if we gave away $400,000 a year last time we should do it again this year. I appointed a special subcommittee-----Representatives Spaeth, Nathe, Miller and Manuel and they spent a lot of time working on this and worked with the department. If you adopt the amendment it will save a lot of money and set out criteria on the projects. Average doesn't mean much some times. This will be a better system. If you vote the language in there is a project we find ---a $212 million high subsidy one. 3% on money that cost 10%. Again, a range project.

The subsidy over the life of the loan, and would be over $4 million and only 7 ranges will benefit. It will justify it somewhat, it will increase the yield and reduces power. It is an irrigation project. I question where we can justify for 3,000 acres of land to subsidize it at the cost of $4 million.

Representative Thoft: We have an extensive couple of amendments. (Exhibit # 3). They are put in as A, B, C, D. Gary, if you will help, maybe we can work our way through this.

Representative Spaeth: Representative Nathe is handing out a chart that was used as to how the rate was derived at and the interest rates arrived at. The system in the bill now is based on it and the Department used it. Group A is on the left side is 4%, Group C is 2%.

Representative Thoft: That is the old system, and Gary if you will explain the new one we will go through the projects.

Representative Spaeth: Group C received a 2% subsidy. Of 2% above the state average is 4%; if 100% above, 3%, if it were 100% to receive a state subsidy. There were other projects. We wanted to go a little bit further and compare those subsidies and the actual use costs involved in the projects. We did not look at the type of projects here. The other chart that is being handed out now is on a user month cost. It is not an nice and not as clean. The same group of A, B, C and with interest subsidy. (Attached as chart #11). All we did was brought our chart as if the users were on a six month basis. When we looked we could find no rhyme or reason as to why now a subsidy. We looked at this chart and concluded one group of projects because of the cost-----the rural projects. # 3 Exhibit ---this is the most recent one. It is like a graph basis. Wonder if a better line of reason. On the left hand side is the cost and the projects are down below. There are two logical places to draw the line. You can see where the lines are drawn.

Under two different types of amendments we have not dealt with the local projects. $60 a month is the average state wide cost for local water costs. We felt that was the goal we should be shooting for. Those projects are the type in the water districts. We set up a little different type of the reaching that goal.

Senator Hammond: The 4 marked on the left.

Representative Spaeth: I think I can go through the amendment here. We did not go through any depth as to project or the good or bad of the project. We just tried to gather some criteria.

Representative Thoft: We have a number of projects here. The amendment essentially is the bill. They are before you and you can look at the projects and if there are any questions we can try to answer them.

Senator Smith: I have a question in regard to the chart where water user rates show $ per month (II). The one at Geraldine shows $220 a month. It looks like about 4 projects what would be prohibitive. Is that what the cost would be? The one in Roosevelt would be $178 a month?

Representative Spaeth: We can go through it. Tiber County, a solid loan over a 30 year term. Under the Geraldine and Roosevelt counties 6% over a 30 year period. Havre Water District at full fund rate. The department still put it below $60. That is why a different bond rate.

Senator Hammond: Did these projects start at different times? Did that cause the differences? Some were earlier?

Representative Thoft: We are discussing the inflation factor. I don't think that is the issue really.

Senator Fuller: On a number of these now we have charged the initial from 5 to 15. Group A has been reviewed. We were within 4% subsidy. One change throughout. Two years ago we adopted to provide subsidy for 5 years. The reason is that is what the computer run with $400,000 study. That is what we have ---------- first. In order to come up with the $400,000 subsidy, we had to go to 7 years. We felt it should not be tied to the $400,000 subsidy but to the types of projects if any are to succeed. This year other types of projects and we should not be giving them a greater subsidy to reach the $400,000. Under 4-3-2 approval here the total subsidy would be about $412,000 per year. $319,000 built in 4-3-2 as opposed to the $412,000. We did not feel it should have anything that the other study did not recommend 2 years ago. That is why the 5 years instead of the 7 years.

Senator Van Valkenburg: What is the total subsidy over the life of the loans and compared to it before the amendments?

Senator Spaeth: The easiest way to do it---20 years x 93,000 is about what the difference would be here. Coal, 20 years x 319. 2- x 412 and $1.6 million.

Senator Van Valkenburg: Are there any loans here for a greater length of time? 30 years that were 20?

Representative Spaeth: Yes. Computed on a 20 year average.

Representative Bardanouve: A $4 million before was kind of concluded.

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Representative Bardanouve: A $4 million before was kind of concluded.

The former director of the department came up with a formula that was supposed to be understood by the legislators. I think the legislators want a more realistic one. I don't think we need a sympalistic formula for legislators to understand.

Senator Regan: One the 4% charts, why the break here? The next sheet-----there is not that much difference.

Representative Spaeth: The comittee created this graph and there was the first action we took. The department used 200% and 100%. We wanted to see how it would chart out. We concluded it did not chart out as nice as expected.

Senator Aklestad: New projects that you tied here no feasible?

Representataive Spaeth: We didn't go into any depth analysis. We left that to the committee. We felt the subsidy we arrived at was more reasonable than what we had 2 years ago. We felt the water users costs compared with the state average and kept in line with those not being subsidized. That is why we dealth with the rural projects so that they can be more feasible to try to maintain at a $60 a month cost.

Senator Himsl: I have a question on the state and dam figures. What state bond rate did you figure?

Caralee Cheney, Water Development Dureau Chief, Department of Natural Resources: 10%. That is what the amount was estimated at that time.

Representative Bardanouve: In as much as we have involved a big department of the government in these proposals, I think that they should have a chance to talk.

Representative Thoft: I think Senator Aklestad brought up a point that might effect the committee recommendations. I think the committee put a lot of emphasis on getting water to the people. Feasible means have been considered as much as possible.

Representative Spaeth: We felt the rural areas needed it.

Representative Bardanouve: Some of these larger farms have no water at all. They have wanted it for years.

Representative Spaeth: The 30 years effect the rural users fees. The big difference in using this one chart. We have compressed about 4 days of work and we have several man hours of work in it. The department put several hours coming up with grafts and the computer print outs. We are compressing all that in about a ½ hour presentation.

Group D. We have prepared a new project that was requested. I don't know very much about it other than the people felt this was the place to put it. $5,000 for Anaconda/Deer Lodge sewer treatment. That expands the charge also in Hill County bonding rate. The subcommittee looked at it. We concluded no way to change it. It was either feasible or not feasible the way it was. We did not think we could do anything other than leave that to this committee. Tiber -----8%. We are giving them the benefit. We are breaking them in at a satisfactory rate of interest.

On the last page. We came up with a different amendment. The department had done this. Senator Eck had an amendment before the committee. Our amendment just directs the department to consider agriculture water. That is our proposal. We have approximately $23,000 under the terms of the project. We did not get compelled about the savings. We wanted a system that needed rationale.

Now there is another proposal. This one that is going around now. It is 4-3-2-1 on the subsidies.

Senator Hammond: 4-3-2-1 and then the full bond------this gives what?

Representative Spaeth: We just create a new subdivision.

Representative Spaeth: In going back to # 3, we drew another line between Billings Heights and Neihart. The other chart-----Group B is now Group C which is 2% subsidy. Then we have a subsidy of about $166,000 a year in using the chart. The rest of the projects are the same. No real change to the subsidies but tried to bring some rationale. We tried it with more subsidies to subdivisions just as the Billings Oxbow Heights. This was based on houses that would be serviced at some time in the future, and we decided not to make that conclusion. We have new projects in 4-3-2-1. If you just want some rationale you go with 4-3-2-1.

Senator Hammond: They are all for 5 years.

Representative Spaeth: The $412,000 presently in the bill is on a per annual cost for 20 years. We did the same there and the subsidy is $312,000 over 4-3-2 and $436,000 under 4-3-2-1 for 20 years. In no way can be build in over $4 million a year or we would be tapping into the corpus rating of the district. You do not want to average over $4 million in the 20 years.

Senator Fuller: I commend the committee for their work. We have

identified the way to make money, but I am concerned about the individual project and the feasibility. I think there is a larger condition here than just saving the dollars.

Representative Spaeth: We still feel the present monthly cost of the user ---- as long as the projects are within the same per-monthly cost. This project was moved from the lower to Group B as a result.

Representative Bardanouve: One point. I find increasing critisms of these subsidizing programs. Mr. Menehan says "OINK" "OINK" when anybody comes in for a subsidy. With 4-3-2-1 it would raise the amount of critism.

Senator Himsl: This distribution in the blue bill was passed----- was it not worked on by a committee? The LRP committee put the bill together. This committee really did not do anything to the projects or priorities. Just the interest rates so that it was fair.

Representative Spaeth: The first was the charts, then compared the charts. We tried to bring some rationale to the problem. If you look at the second rates we are given 3% rates to water users. $178 a month there at Drummond----they are paying less and receiving 4% interest. We pulled out the gyrations and put them in the same category.

Senator Himsl: Are you satisfied that the project user rates are valid enough to make that type of judgement?

Representative Spaeth: They are the user rates we finally came up with. The department did a lot of work on that. They feel it goes within the state average. The option 4-3-2-1 would cost each individual user in the projects approximately $3 to $5 more per month. That is a difference on an individual basis between these two.

Senator Keating: No one has moved any amendments, just asking questions.

Senator Regan: No. There was an amendment.

Senator Keating: Representative Thoft, could you give me a little history of the whole program? Why are we making loans to subsidize their farm groups, etc? When was the program originated?

Representative Thoft: I was one of the principle sponsors and one of the most unhappy with what has happened.

Senator Keating: Has the legislature been doing this for a long time?

Representative Bardanouve: We passed the law when we authorized $250 million in bonds to develop it that time. It was agriculture primarily. I supported the bill. It was to help agriculture and to develop the use of agriculture water in Montana. We are going to lose our water to other states. Campbell got his nose in the till last time and was the first use. The cities and towns, as water and sewer projects-----sewers have water in it and this time it is very heavy in the city area. I am not critical of the cities, but we have lost the primary use. The municipalities have engineers and water specialists. The farmers and ranchers have no money for this. Agriculture has fallen by the wayside. No money to do the work for them.

Senator Keating: Was the purpose of the bill to use the states credibility to borrow money to make loans to people who could not otherwise get loans, but was it intended to get them the loans and the state would pay for them?

Representative Bardanouve: That is why the bill was written 15% of the interest could be put back into this to put back for interest. It was recognized that some projects would not be able to meet it.

Senator Keating: The result would be a lower interest rate?

Representative Bardanouve: We get a lower rate.

Senator Keating: Then was this the rationale for the different rates A, B, C classification? Because some have to pay more for water so that they get a bigger break? We will subsidize inefficiency?

Representative Bardanouve: I am sure sometimes that is true.

Senator Boylan: Do you remember the other day we had a bill on earth dams. Why just have this legislation to take care of that type of projects? There isn't any money to fix these dams. This money was intented to save the projects that our forefathers developed back in the PWA and the WPA days. They reserved a lot of water. Now the money is all going to save the cities on the water and sewer and our water will be lost to us down stream.

Representative Thoft: I think one thing has been missed. There is not much wrong with the concept. Agriculture has losts its ability to repay. That is why.

Senator Story: On the bureau recommendations, page 176 of the Renewable Resource and Water Development Programs -- page 176 is the Cottonwood Dam which was wanted by DNRC. I am not in here trying to get the amendment, etc., but this is a dam that is about to break it's way out. If you want more fixing-----you can fix Highway 89 instead of the dam. This is a dam if they don't fix, the state will be sued. The state will be considering lawsuit money. It better be in the projects next year.

Madalyn Quinlan show Senator Story that this is in the bill on page 24, line 15.

Senator Bengston: I think the whole thing points to the terrible problem we have with our instructor. Maybe the direction we are taking with this is not all that bad.

There has to be some method of financing long term water, sewer, etc. We have a tremendous problem with ground water in Yellowstone County. Could they control both?

Senator Regan: Could someone respond to this?

Gary Fritz, Department of Natural Resources: I am familiar with the program. Berry and I explained it several years ago. Even before that, it was my ideal, I thought it important to continue agriculture water projects. Some had to be subsidized in order to have them for today and tomorrow. In the Water Development Program, they would grant loans under and over $200,000. Spaeth is under this. Agriculture has received at least 40% under and 50% over. Water and sewer are mostly those over. We agree they are taking up more and more.

Larry Fasbender, Director of the Department of Natural Resources: Suggest the amount at the end. We go back and try to get agriculture there. Some of the other projects for the people to provide. we are going to go out and help agriculture so that obviously they can come in for some of these over the size. When put in categorically ---- originally according to what the people paid for as to average across the state. Rural water projects were compared to state in the flat users fees. Representative Spaeth has suggested just on the users fees and we think that is reasonable and I see no problem. We would suggest you go with the option of 4-3-2 below the interest rate rather than the other.

Senator Boylan: How much trouble with my getting a little plug on this?

Gary Fritz: The amendment has not changed the Middle Creek project.

Senator Regan: If the 1% difference is the difference between the feasible and nonfeasible, how are you defining the feasible worry about the projects ability to pay?

Gary Fritz: I am not trying to define the feasibility. When you increase their rates you threaten to make the projects unfeasible. All I am saying is when the user fees increase you tend to put it into the feasible. In the cases where they have been ordered to do something it is a case of "have to".

Senator Regan: Difference in cost $3 to $5 a month is 1%?

Gary Fritz: I can't tell you precisely what is or is not.

Senator Himsl: I want to follow up on this. Isn't it true a number of projects are driven by EPA and Board of Health, etc? Isn't that true? Doesn't it make sense then where these projects are on a loan basis the communities are using the states credit? It is not a subsidy on the part of the state. It is because the state is required by the Board of Health and Water Quality to do something with the density. It seems to me this program makes good sense. The question is the question of interest rather than subsidy. The flow of these funds----the subsidy comes from the funds that would otherwise go back to the trust fund. The less money in the coal trust fund, the less interest generated.

Bob Robinson: We want to thank you. We met with the bond underwriter trying to address this problem. We have as much concern as the Legislature. One of the things we are considering is when we sell bonds for this project we may try to spread into long and short term bonds. The long term bonds may be at 9 or 9½% but the terms spread we may be able to turn over at 6% or whatever. If we can do this we may be able to save the state money on the other end. There is a little bit of risk in this also.

Gary Fritz: We did mention it to the subcommittee.

Senator Keating: Is there a division between the previous loans in the various categories? Are there some responsibilities? We would have to sort these out. I would think one of these sections---- Section 6. Not a segregation in the bill on these projects.

Representative Thoft: No

Senator Haffey: Unless a reason for further discussion, I would suggest we vote. I just want to be sure we don't jump too soon.

Representative Thoft: I would support the amendments of 4-3-2.

DISPOSITION OF HOUSE BILL 947:

MOTION by Senator Haffey to adopt the amendments proposed under the 4-3-2 option.

QUESTION was called, voted and passed unanimous.

Senator Fuller: On this option, we may have to reconsider---- there seems to be the same issue on this one.

Senator Smith: The amendment means nothing. Two years ago, we put an amendment on 447 and it was ignored. They will ignore this too, I am sure.

Senator Regan: I want the committee to read and consider it.

Senator Smith: We need another amendment to this, we have an emergency on the Upper Clark Fork. The dam there needs to have some work done on it. It had $100,000 grant in this bill to carry on some work. Page 7, line 7 of the bill. They need to get some work done on it. The spillway system was plugged up and is a situation where you can't unplug it so they will have to breach the dam.

Senator Hammond: It is full of dead fish and etc. You could not get within a mile of it last summer.

MOTION by Senator Christiaens to amend Page 7, line 7 to put it back in the bill.

Voted and passed.

Representative Thoft: I would address this. The department flew their engineers down there. It would be a safety factor if they had to breach it.

Senator Smith: Don't they go around and check them before the run-off in the spring?

Answer from the Department: Nothing to recommend inspection but it became apparent we had a problem when the water level came up.

Senator Fuller: The funding is in section in 432, page 35, line 10 had enough in that.

Senator Fuller: I have an amendment that should be incorporated, since it sets a policy. It is on page 12, following line 2, and sets a new section. It is already part of it in amendment #4 of the adopted sheets. We can just incorporate this in. Change to page 35, line 10 and put it in that new section.

MOTION by Senator Fuller to adopt the amendment.

QUESTION was called, voted, and passed. Roll call vote.

Senator Aklestad: I hope that what Senator Fuller said is true. I want agriculture to be first. If some problem with the amendment ----I don't think you protect agriculture.

Senator Story: Will these prioritize? Do they include priority on repairing what the department has now?

Gary Fritz: The priorities as rated now. Storage is a problem. Dams have a rating on how much they can store. Dams are a priority in the Water Development Program.

QUESTION on the Amendment of Senator Boylan, voted and passed.

MOTION by Senator Gage: I have an amendment. East Glacier water problem. They have severe problem in the area. We had an amendment in the bill before it was amended.

Representative Thoft: I would suggest it go under A-2. There is a possibility that they can do this program somewhat cheaper in that coal strip has a $100,000 grant for treatment that they are going to put up. That may be available for about $30,000. It could be a significant cost in the area.

Senator Fuller: $484,270.

Senator Regan: How were the figures arrived at?

Senator Gage: Through an engineering firm in Great Falls.

Senator Regan: Why was it not presented to the committee?

Senator Gage: This is on the Blackfoot Reservation. They didn't get concerned until it was a real problem.

Senator Regan: We will ask the department to tell us where in the bill it belongs and what the subsidy will be. We will simply authorize the project at this value and possibly it will be less as a loan and put some kind of language in the bill that leaves it sort of fluid and ask that they report to the interim Finance Committee

so that we know what the costs are.

Senator Aklestad: I am wondering-----were there projects that got dropped out that were considered?

Representative Thoft: If a matter of people wanting to come in for room under that. If they had any repayment ability and whether they sat in there at all.

Senator Gage: I assume they can pay it back.

Senator Christiaens: It is almost beyond an emergency basis. It has to be a prior problem if that is the kind of water coming out of the taps.

Senator Hammond: A lot of these situations in the country. Along the Canadian line, some are drinking water out of sloughs, etc.

Senator Boylan: Was this in the division?

Senator Gage: Yes.

Senator Regan: Are federal monies available?

Senator Gage: No. They have bonded for about $750,000 for a sewer and water project about four years ago. The state felt the system would take care of the iron problem, but it has continued to get a lot worse.

Senator Fuller: We are not taking any money from the other projects We are taking it from nobody.

Senator Smith: Would the committee be willing to work on this project and see if they can fit it in?

Representative Bardanouve: A complete surprise to us. If you approve it why don't you have the department do it. It would be easier for them to come up with a little more rationale and a conference committee on the language if you approve it. At least a minimum of $½ million project.

Senator Regan: It will go to conference committee.

QUESTION was called on the Gage amendment. Voted and passed.

MOTION by Senator Fuller that House Bill 947 be concurred in as amended.

Senator Keating: There are some conclusions in here I would like to vote against, but do not want to vote for the new ones----I would like to support the old ones.

QUESTION was called, voted and passed. Senator Keating voted no.

Senator Fuller will carry the bill.

The meeting was adjourned.

Senator Pat Regan, Chairman

SENATE COMMITTEE FINANCE AND CLAIMS VOTING RECORD

Date _____ _____ Bill No. ___ Time _____

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond	✓			
Senator Lane	✓			
Senator Christiaens	✓			
Senator Gage	✓			
Senator Himsl		✓		
Senator Stimatz	✓			
Senator Boylan		✓		
Senator Story		✓		
Senator Smith		✓		
Senator Manning (Dick)	✓			
Senator Bengtson	✓			
Senator Keating		✓		
Senator Regan	✓			
Senator Van Valkenburg	✓			
Senator Tveit		✓		
Senator Fuller	✓			

Sylvia Kinsey
Secretary

13 - 7

Senator Regan
Chairman

Motion: H 41

HB 947
Renewable Resource Development Projects
Catagory IV. "Other"
Page 15

The project to bear-proof the dumpsters of West Yellowstone is recommended for a $70,000 grant. The total project is estimated to cost $140,000 - with the state's $70,000 matched with other sources.

Because of the way this project is written up in the Project Evaluation book by DNRC, it needs to be clear in the record that the state's grant of $70,000 for this project is not contingent on a dollar for dollar match from other sources: for example, if the total project cost is less than $140,000, the state is still willing to give $70,000 and hence the matching funds would have to raise less than $70,000.

The state is willing to commit $70,000 to this project and the remaining money needed to complete the project must be raised by other private and public sources.

Amend House Bill 947, third reading copy, as follows:

1. Page 13, line 14.
Following: "LAND""
Insert: "and then for the projects approved in the category of "water development""

2. Page 13, lines 16 and 17.
Strike: Line 16 through "HB 913" on line 17.
Insert: "fully funded by House Bill 922"

mqleg:hb947

Option

Proposed Amendments to H.B. 947

1. Page 18, Line 22
Following: exceed
Strike: $51,152,528
Insert: $51,652,528

2. Page 19, Line 2
Following: (2)
Delete the entire subsection
Following: (2)
Insert:

The Board of Examiners may issue State of Montana coal severance tax bonds for loans to political subdivisions and local government entities not to exceed the loan amount listed for the project.

GROUP A Notwithstanding the conditions set forth in section 14, the interest rate for the project in this group may be four percentage points below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	LOAN AMOUNT
YELLOWSTONE COUNTY	$1,100,000
Oxbow Area Water Supply	

GROUP B Notwithstanding the conditions set forth in section 14, the interent rate for projects in this group may be three percentage points below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	LOAN AMOUNT
DUTTON, TOWN OF	$ 652,000
Water Supply Construction	
EAST BENCH IRRIGATION DISTRICT	400,000
Gravity Irrigation System	
GLASGOW, CITY OF	5,662,000
Water Supply Source	
NEIHART, TOWN OF	550,000
Water System Improvement	
YELLOWSTONE COUNTY	555,000
Cedar Park Water System	

GROUP C Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group may be two percentage points below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	LOAN AMOUNT
COOKE PASS-COOKE CITY-SILVER GATE	$ 336,730
County Water/Sewer District Sewer Improvements	
FORT BENTON, CITY OF	753,060
Water System Improvement	
POPLAR, TOWN OF	477,260
Water System Improvement	
WORDEN/BALLENTINE YELLOWSTONE COUNTY	500,000
Water and Sewer District Reservoir Construction	
EVERGREEN WATER AND SEWER DISTRICT	3,226,900
Flathead County Sewer System	
HUNGRY HORSE WATER AND SEWER DISTRICT	762,430
Water System Improvements	
DODSON, TOWN OF	170,000
New Water Well	
DRUMMOND, TOWN OF	304,600
Fire and Water Project	
LAKESIDE COUNTY SEWER DISTRICT	1,190,000
Wastewater Treatment Facility	
BOZEMAN, CITY OF	726,079
Lyman Creek Water System Improvement	
CHARLO WATER USERS ASSOCIATION	269,440
Distribution System Replacement	
EAST HELENA, CITY OF	434,434
Water System Improvement	
EKALAKA, TOWN OF	395,250
Water System Renovation	
HAVRE, CITY OF	2,590,000
Water System Improvement	

GROUP D Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group may be one percentage point below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	LOAN AMOUNT
LOCKWOOD IRRIGATION DISTRICT	$ 247,000
System Renovation	
PONDERA COUNTY CONSERVATION DISTRICT	750,000
Lower Birch Creek Watershed	
SEELEY LAKE WATER DISTRICT	310,706
Water Storage Tank	
WHITEHALL, TOWN OF	300,400
Sewer Project	
WHITE SULPHUR SPRINGS, TOWN OF	639,150
Water System Improvements	
DENTON, TOWN OF	185,000
Water Supply System	
JUDITH GAP, TOWN OF	100,000
Water Supply Source	
LIMA, TOWN OF	376,500
Water Facilities Update	

GROUP E Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group must be the rate at which the state bond is sold.

	LOAN AMOUNT
MIDDLE CREEK DAM REHABILITATION	$3,500,000
MILK RIVER IRRIGATION DISTRICT	17,869,000
Tiber Dam Power Project	
ANACONDA/DEER LODGE COUNTY	500,000
Sewage Facilities	
HILL COUNTY WATER DISTRICT	1,410,000
Rural Water Supply	

GROUP F Notwithstanding the conditions set forth in section 14, the interest rate for the project in this group must be 3 percent over a 30-year term.

	LOAN AMOUNT
EAST BENCH IRRIGATION DISTRICT	$1,317,295
McHessor Dry Gulch Gravity Irrigation System	

GROUP G Notwithstanding the conditions set forth in section 14, the interest rate for the project in this group must be 8% over a 20-year term.

	LOAN AMOUNT
TIBER COUNTY WATER DISTRICT	$ 559,260
New Control and Monitoring System	

GROUP H Notwithstanding the conditions set forth in section 14, the interest rate for the projects in this group must be 6% over a 30-year term.

	LOAN AMOUNT
GERALDINE COUNTY WATER DISTRICT	$ 313,910
Rural Water System	
ROOSEVELT COUNTY RURAL WATER DISTRICT	2,219,124
Rural Water System	

3. Page 33, Line 16
Following: at
Insert: the lower of the
Following: 6
Insert: or the rate that must be paid on the bonds issued pursuant to section 6

4. Page 35, Line 10
Following: project."
Insert: NEW SECTION. Section _____. Water Development Program Direction. The Department is directed to recognize in particular the primary role of agriculture in the state's economy and the needs of its agricultural constituency when it formulates its promotion, assistance, and development programs.

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USER RATES AS % ABOVE STATE AVERAGE

User Rates As % Above State Average
(With Interest Subsidy)
% -100 -50 0 50 100 150 200 250 300 350 400 450 500 %
Group A
Neihart / Water
Billings Hts. - Oxbow / Water
Dutton / Water
Yellowstone Co. - Cedar Park / Water
Glasgow / Water
Drummond / Water
Geraldine Co. Water Dist. / Water
Evergreen W. & S. Dist. / Sewer
Cooke City - Silver Gate S. Dist. / Sewer
Lima / Water
Group B
Dodson / Water
Lakeside S. Dist. / Sewer
Yellowstone Co. RIDS / Water
Roosevelt Co. Water Dist. / Water
Poplar / Water
Ft. Benton / Water
Hungry Horse Water Dist. / Water
East Helena / Water
Ekalaka / Water
Charlo Water Dist. / Water
White Sulphur Springs / Water
Group C
Denton / Water
Seeley Lake Water Dist. / Water
Lockwood Irrigation Dist. / Irr.
Bozeman / Water
Havre / Water
Whitehall / Sewer
Tiber Co. Water Dist. / Water
Pondera Conservation Dist. / Irr.
Hill Co. Water Dist. / Water

I

4 Projects

2%

User Rates – $/User/Month
(With Interest Subsidy)

II

0 5 10 15 20 25 30 35 40 45 50 55 60 94 178 220

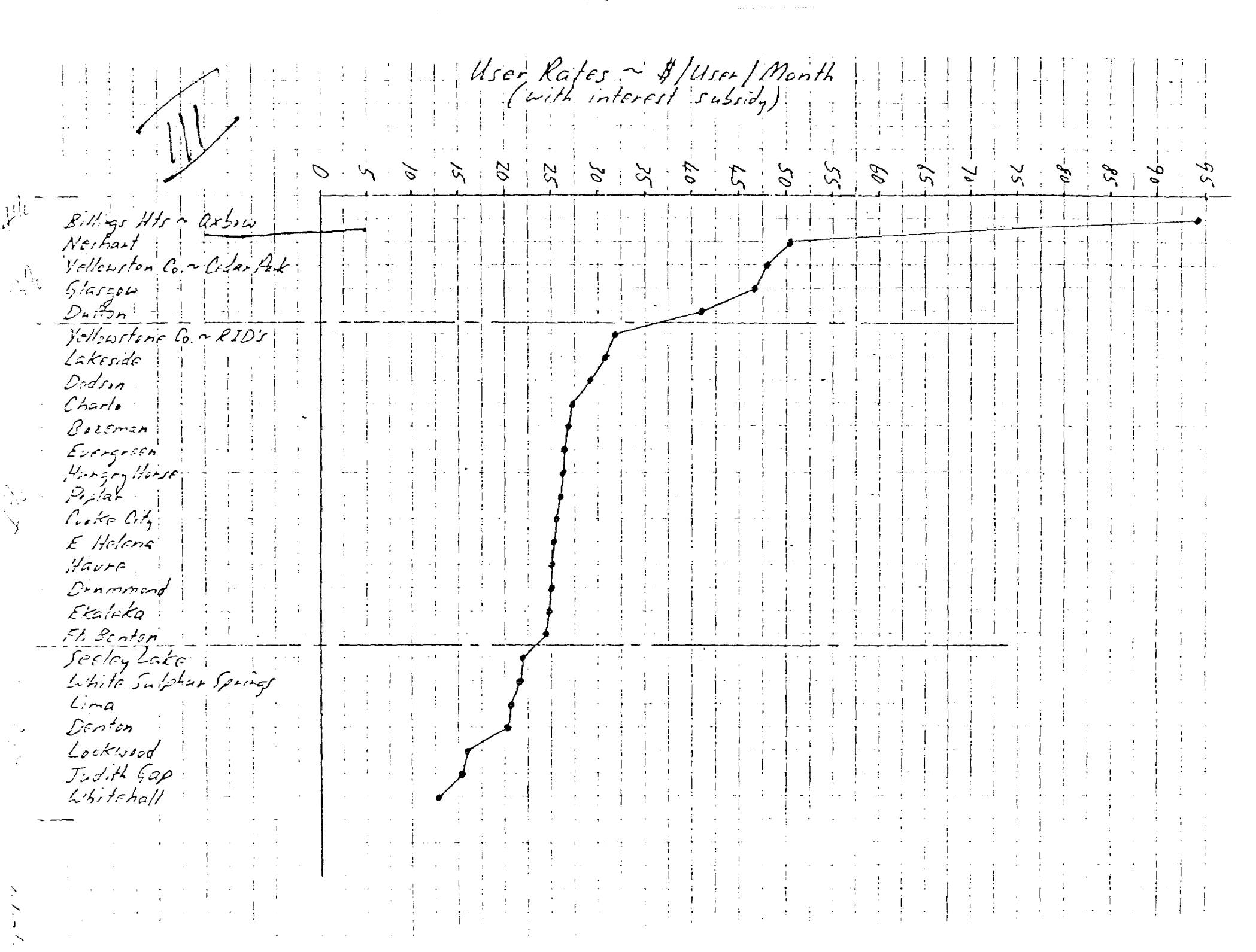
Group A
- Neihart / Water
- Billings Hts. – Oxbow / Water
- Dutton / Water
- Yellowstone Co. – Cedar Park / Water
- Glasgow / Water
- Drummond / Water
- Geraldine Co. Water Dist. / Water
- Evergreen W & S. Dist. / Sewer
- Cooke City – Silver Gate S Dist / Sewer
- Lima / Water
- Dodson / Water

Group B
- Lakeside S. Dist / Sewer
- Yellowstone Co. RID's / Water
- Roosevelt Co. Water Dist. / Water
- Poplar / Water
- Ft. Benton / Water
- Hungry Horse Water Dist. / Water
- East Helena / Water
- Eklalaka / Water
- Charlo Water Dist. / Water
- White Sulphur Springs / Water
- Denton / Water
- Seeley Lake Water Dist. / Water
- Lockwood Irrigation Dist. / Irr.

Group C
- Bozeman / Water
- Havre / Water
- Whitehall / Sewer
- Tiber Co Water Dist. / Water
- Pondera Conservation Dist. / Irr.
- Hill Co. Water Dist. / Water

USER RATES – $/USER/MONTH

Projects


User Rates ~ $/User/Month
(with interest subsidy)
0
5
10
15
20
25
30
35
40
45
50
55
60
65
70
75
80
85
90
95
Billings Hts ~ Arbow
Neibart
Yellowstone Co. ~ Cedar Park
Glasgow
Dutton
Yellowstone Co. ~ RID's
Lakeside
Dodson
Charlo
Bozeman
Evergreen
Hungry Horse
Poplar
Cooke City
E Helena
Havre
Drummond
Ekalaka
Ft. Benton
Seeley Lake
White Sulphur Springs
Lima
Denton
Lockwood
Judith Gap
Whitehall

Proposed Amendment to H.B. 947

Page 7, Line 7
Following: Repair
Insert: with possible Emergency Breach

Proposed Amendment to HB 947:
Blue Copy
Senator Dorothy Eck
April 19, 1985

1. Page 12, following line 2.
Insert: "NEW SECTION. Section 2. Future preference for appropriations from the water development state special revenue account. In evaluating proposals for use of funds from the water development state special revenue account for the biennium ending June 30, 1989, the Department of Natural Resources and Conservation and the legislature shall give preferential consideration to proposals that promote:

(1) the water reservation program established by 85-2-316;

(2) the development of the state water plan required by 85-1-203; and

(3) other state water programs recommended by the legislative water policy committee established in section 19 of House Bill No. 680."

Renumber: subsection sections.

Proposed Amendment to HB 947:
Blue Copy
Senator Dorothy Eck
April 19, 1985

1. Page ~~12~~ 35, following line ~~2~~ 7
Insert: "NEW SECTION. Section ~~2~~ 17 Future preference for appropriations from the water development state special revenue account. In evaluating proposals for use of funds from the water development state special revenue account for the biennium ending June 30, 1989, the Department of Natural Resources and Conservation and the legislature shall give preferential consideration to propcsals that promote:

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Renumber: subsection sections.

Page 4

"SLOW SAND FILTER"
ON MIDVALE CREEK

Filter Costs

Excavation and embankment	$ 10,170.00
Concrete	33,720.00
Sand Media	50,080.00
Gravel Media	9,600.00
Underdrains	
8" PVC	1,560.00
4" PVC	3,640.00
Basin Liner	6,000.00
Pilot Test	5,500.00
Subtotal	$120,270.00
Pumping Station (HIGH SERVICE ONLY)	28,000.00
Wetwell, 5HP-2 pumps above ground, controls, tank level-pump control, radio system, tower, etc.	32,000.00
Piping Yard	6,000.00
Pumping Station (LOW SERVICE NOT REQ'D)	------
Replace 14" Wood Stave Pipe	168,000.00
New Reservoir Intake (NOT INCLUDED AT THIS TIME)	------
New Detention Pond	20,000.00
New Reservoir Dam (NOT INCLUDED AT THIS TIME)	------
	$374,270.00
Engineering & Contingencies	100,000.00
Land	10,000.00
TOTAL	$484,270.00

"SLOW SAND FILTER"
ON MIDVALE CREEK

Filter Costs

Excavation and embankment	$ 10,170.00
Concrete	33,720.00
Sand Media	50,080.00
Gravel Media	9,600.00
Underdrains	
8" PVC	1,560.00
4" PVC	3,640.00
Basin Liner	6,000.00
Pilot Test	5,500.00
Subtotal	$120,270.00
Pumping Station (HIGH SERVICE ONLY)	28,000.00
Wetwell, 5HP-2 pumps above ground, controls, tank level-pump control, radio system, tower, etc.	32,000.00
Piping Yard	6,000.00
Pumping Station (LOW SERVICE NOT REQ'D)	------
Replace 14" Wood Stave Pipe	168,000.00
New Reservoir Intake (NOT INCLUDED AT THIS TIME)	------
New Detention Pond	20,000.00
New Reservoir Dam (NOT INCLUDED AT THIS TIME)	------
	$374,270.00
Engineering & Contingencies	100,000.00
Land	10,000.00
TOTAL	$484,270.00

STANDING COMMITTEE REPORT

April 20 19 85

MR. PRESIDENT

We, your committee on Finance and Claims

having had under consideration House Bill No. 947

third reading copy (Blue color)

WATER DEVELOPMENT PROGRAM; PROJECT APPROPRIATIONS

BARDANOUVE (Fuller)

Respectfully report as follows: That House Bill No. 947

be amended as follows:

1. Page 7, line 7.
Following: "Repair"
Insert: "With Possible Emergency Breach"

2. Page 13, line 14.
Following: "LAND"
Insert: "and then for the projects approved in the category of "water development""

3. Page 13, lines 16 and 17.
Following: line 15
Strike: line 16 through "HB 913" on line 17
Insert: "fully funded by House Bill 932"

4. Page 18, line 22.
Following: "exceed"
Strike: "$51,152,528"
Insert: "$51,652,528"

5. Page 19, line 1 through line 9 of page 23.
Following: "(2)"
Strike: the remainder of subsection (2) in its entirety
Insert: "The Board of Examiners may issue State of Montana coal severance tax bonds for loans to political subdivisions and local government entities not to exceed the loan amount listed for the project.

~~XXXXX~~
~~DO PASS~~

~~XXXXXXXX~~
~~DO NOT PASS~~

(continued)

SENATOR PAT REGAN Chairman.

April 20, 1985

19

GROUP A Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group may be four percentage points below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	LOAN AMOUNT
DUTTON, TOWN OF Water Supply Construction	$650,000
EAST BENCH IRRIGATION DISTRICT Gravity Irrigation System	400,000
GLASGOW, CITY OF Water Supply Source	5,660,000
WISHART, TOWN OF Water System Improvement	550,000
YELLOWSTONE COUNTY Cedar Park Water System	555,000
YELLOWSTONE COUNTY Oxbow Area Water Supply	1,100,000

GROUP B Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group may be three percentage points below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	LOAN AMOUNT
COOKE PASS-COOKE CITY-SILVER GATE County Water/Sewer District Sewer Improvements	$336,730
FORT BENTON, CITY OF Water System Improvement	753,060
POPLAR, TOWN OF Water System Improvement	477,260
WORDEN/BALLENTINE YELLOWSTONE COUNTY Water and Sewer District Reservoir Construction	500,000
EVERGREEN WATER AND SEWER DISTRICT Flathead County Sewer System	3,226,900
HUNGRY HORSE WATER AND SEWER DISTRICT Water System Improvements	742,430
DODSON, TOWN OF New Water Well	170,000
DRUMMOND, TOWN OF Fire and Water Project	394,600
LAKESIDE COUNTY SEWER DISTRICT Wastewater Treatment Facility	1,190,000
BOZEMAN, CITY OF Lyman Creek Water System Improvement	726,079
CHARLO WATER USERS ASSOCIATION Distribution System Replacement	269,440

(continued)

April 20, 19 85

EAST HELENA, CITY OF	434,434
Water System Improvement	
KALISPELL, TOWN OF	395,250
Water System Renovation	
HAVRE, CITY OF	2,590,000
Water System Improvement	

GROUP C Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group may be two percentage points below the long-term bond rate at which the state bond is sold for the first 5 years of an anticipated 20-year term and must be at the rate at which the state bond is sold for the remaining 15 years.

	LOAN AMOUNT
LOCKWOOD IRRIGATION DISTRICT	$247,000
System Renovation	
PONDERA COUNTY CONSERVATION DISTRICT	750,000
Lower Birch Creek Watershed	
SEELEY LAKE WATER DISTRICT	319,796
Water Storage Tank	
WHITEHALL, TOWN OF	300,400
Sewer Project	
WHITE SULPHUR SPRINGS, TOWN OF	439,150
Water System Improvements	
DENTON, TOWN OF	185,000
Water Supply System	
JUDITH GAP, TOWN OF	100,000
Water Supply Source	
LIMA, TOWN OF	375,500
Water Facilities Update	

GROUP D Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group must be the rate at which the state bond is sold.

	LOAN AMOUNT
MIDDLE CREEK DAM REHABILITATION	$3,500,000
MILK RIVER IRRIGATION DISTRICT	17,869,000
Tiber Dam Power Project	
ANACONDA/DEER LODGE COUNTY	500,000
Sewage Facilities	
HILL COUNTY WATER DISTRICT	1,410,000
Rural Water Supply	

GROUP E Notwithstanding the conditions set forth in section 14, the interest rate for the project in this group must be 3% over a 30-year term.

	LOAN AMOUNT
EAST BENCH IRRIGATION DISTRICT	$1,317,295
McNeeser Dry Gulch Gravity Irrigation System	

GROUP F Notwithstanding the conditions set forth in

(continued)

April 20, 1985 19

section 14, the interest rate for the project in this group must be 8% over a 20-year term.

	LOAN AMOUNT
TIBER COUNTY WATER DISTRICT	$559,260
New Control and Monitoring System	

GROUP G Notwithstanding the conditions set forth in section 14, the interest rate for projects in this group must be 6% over a 30-year term.

	LOAN AMOUNT
GERALDINE COUNTY WATER DISTRICT	$313,910
Rural Water System	
ROOSEVELT COUNTY RURAL WATER DISTRICT	7,219,124
Rural Water System"	

6. Page 27.
Following: line 7
Insert: "(6) There is approved a loan for the amount of $484,270 for a slow sand filter on Midvale Creek necessary for improving the water supply to the town of East Glacier. The Department of Natural Resources and Conservation is directed to classify this loan into one of the groups set forth in subsection (2) and report this classification to the Legislative Finance Committee."

7. Page 35.
Following: line 10
Insert: "NEW SECTION. Section 17. Water development program direction -- future preference for appropriations. (1) The Department of Natural Resources and Conservation is directed to recognize in particular the primary role of agriculture in the state's economy and the needs of its agricultural constituency when it formulates its promotion, assistance, and development programs.

(2) In evaluating proposals for use of funds from the water development state special revenue account for the biennium ending June 30, 1989, the Department of Natural Resources and Conservation and the Legislature shall give preferential consideration to proposals that promote:

(a) the water reservation program established by 85-2-316;

(b) the development of the state water plan required by 85-1-203; and

(c) other state water programs recommended by the Legislative Water Policy Committee established in section 19 of House Bill No. 680."

HB947.86
PC/5:IVI
AND AS AMENDED
BE CONCURRED IN

SENATOR PAT REGAN, CHAIRMAN